



# **THE CHAMBER OF CONTROL OF GEORGIA**

**ANNUAL REPORT**

2009



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TBILISI  
2010







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IMPARTIALITY

INDEPENDENCE

TRANSPARENCY

PROFESSIONALISM



LEVAN BEZHASHVILI

*Chairman of The Chamber of Control of Georgia*

## Foreword

Efficiency of the accountability system of state finances is one of the major indicators of the democratism of the State management.

In conditions of growing demands of our society for the democratic values, a particular importance is attached to development of the accountability system of those bodies and officials that utilize state resources.

The Chamber of Control of Georgia has set a goal of becoming a role model for the improvement of the accountability in the public sector. At the same time, we admit, that the formation of the efficient accountability system of the officials and institutions responsible for spending public resources is a lengthy process and, that the continuous support is required to maintain the achieved results.

Our task is to use on behalf of the state all the effective and modern means to communicate activities carried out for the benefit of the society, that will allow public institutions to become open and transparent for the general society.

The current report represents a message for all the interested parties to objectively assess the benefits of our activities.

Taking into consideration the rapidly changing environment of the public finance management system, 2009 was a crucial year for the Chamber of Control. A new strategic plan for the development of the

Chamber of Control of Georgia has set ambitious goals: within a short period of time to develop the CCG into a modern supreme audit institution and provide a completely new audit service that would comply with international standards.

The Chamber of Control has taken more than one step in the chosen direction, the results of which are the development of new normative frames and more active international and internal relations, whether it would be the national Parliament or foreign partner SAIs.

The main objectives of cooperation with partner organizations are the development of the CCG mandate, expansion of theoretical and practical audit knowledge, exchange of experiences and best practices and the overall development of the organizational capabilities of the Institution. The process of introduction of a modern methodology and development of manuals has already started in the CCG.

In parallel with the outlined multifaceted direction, the CCG is constantly fulfilling the tasks assigned to it by the Constitution in the field of securing the legality and effectiveness of the usage of state funds.

The CCG has carried out large-scale audit activities that aimed at development of the public finance management. The main directions of our activities were the development of the financial management of public institutions and improvement of quality of the services provided by state programs, facilitation of the management of state enterprises and etc.

The activities carried out during the past year represent the statement of the aspiration of the CCG to develop itself as a Supreme Audit Institution.

In addition, within the frames of the above mentioned activities, the CCG has taken significant steps to overcome one of the major challenges that it faces and that is related to the enhancement of the trust of the society and institutions towards it.

The CCG actively continues to contribute to the welfare of the state. Our aim is to fully justify the ever growing expectations of the society towards institutions. We and the society – together we stand for the budget.

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## Introduction

The history of the Chamber of Control of Georgia (CCG) begins in 1918: on the 28<sup>th</sup> of June the National Council of the Democratic Republic of Georgia adopted the Law “On Establishment of State Comptroller’s Position” which defined its status.

The State Comptroller was responsible for supervision of the use of public funds, management of state credit and examination of reports; he was also expected to submit proposals on the improvement of the tax legislation system of tax payments, custom duties and other sources of state revenue.

In 1921, when the Soviet army annexed Georgia, the CCG became part of the USSR national control machinery and remained it for the next 70 years.

The contemporary Chamber of Control, that has been established in accordance with the Constitution of Georgia, is the legal successor of the State Control Institution of the Democratic Republic of Georgia of the years 1918-1921.

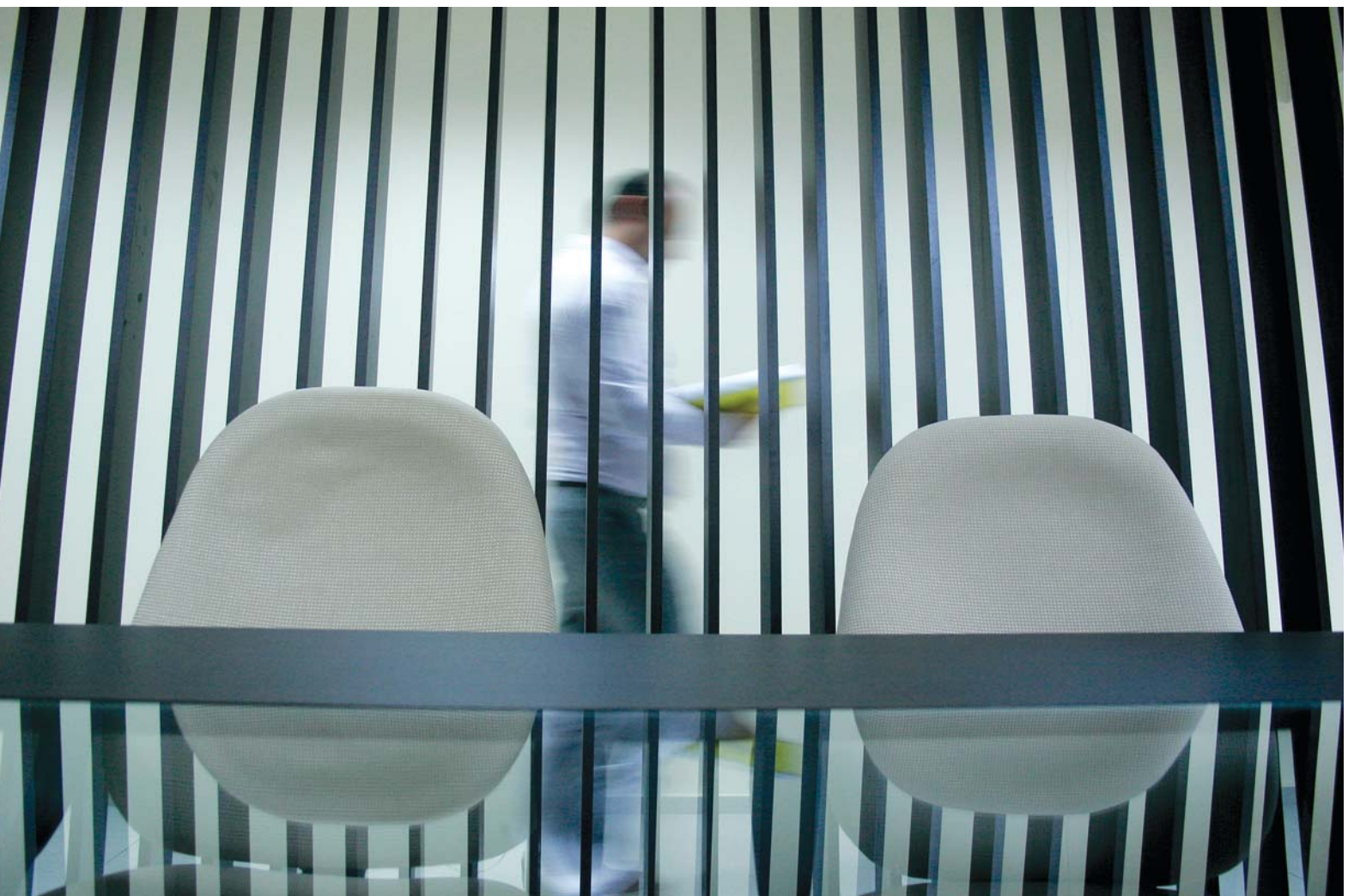
Representing an independent, nonpolitical and professional institution, the Chamber of Control of Georgia is the supreme state financial and economic control body. It is functionally, financially and organizationally independent and it complies only with law. Any kind of political influence upon the CCG as well as any other actions that may restrict its independence are forbidden.

The objectives of the activities of the CCG are to promote legal, purposeful and effective use of state funds and other state material values, safeguard national wealth and protect property of the state, autonomous republics and local self-governing units, as well as to promote the development of the public finance management.

Main principles of the activity of the CCG:

- Impartiality;
- Independence;
- Transparency;
- Professionalism.

In the eyes of society, the CCG is the institution that plays a major role in keeping state institutions accountable and responsible.





## New Mandate and Audit Methodology

“The Lima Declaration of Guidelines on Auditing Precepts” adopted at the IX conference of the International Organization of Supreme Audit Institutions (INTOSAI) in Lima, Peru, clearly defines the role and objectives of a supreme audit institution and emphasizes its purpose as a representative of society, that is – to facilitate the sound management of state funds.

Reflecting the realities of Georgia, the audit system of the country differed from the globally established practices.

In 2009, the Law of Georgia “On the Chamber of Control” was enacted that cardinally changed the spheres of competence and authority of the CCG.

Law effective before 2009 defined the CCG as the “control implementation” institution, whereas the new Law has determined a new mandate for it – implementation of the public sector audit and provision of expert services to the state institutions.

In accordance with the Law “On the Chamber of Control of Georgia”, the authority of the CCG within the scope of its competence is extended to all those establishments that utilize state resources, including supreme legislative, executive and court institutions.

The audit activities of the CCG include:

- **Financial Audit** – an examination of the accounting and financial reports of the object of the audit with the purpose of establishing their compliance with the applicable standards.
- **Compliance Audit** – a study and analysis of the legality and purposefulness of expenditure, utilization and management of state funds, other state material values and intangible assets by the object of the audit;

- **Performance Audit** – analysis and evaluation of the economy, efficiency and effectiveness of the development of state programs, utilization and management of the investment, financial, human, tangible and other state resources as well as the efficiency of the decision making process.

Upon adoption of the new Law, the CCG conducted an internal research which revealed its strenghts and weaknesses and assisted the Institution in the identification of the main directions of its development. Accordingly, the needs and capabilities, required for the achievement of its goals, have also been determined. This was used as the basis for the development of the CCG 2009-2011 Strategic Plan, which was assessed in cooperation with international and local professional partner organizations of CCG.



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According to the above mentioned document, the development of the CCG as a modern independent audit institution of public sector that is trusted by the society and complies with international standards, was determined as the strategic objective for the years of 2009-2011. For this purpose, it is imperative for the CCG to be able to conduct audits on the efficiency of performance of the public sector independently in order to make activities of public sector more valuable, as well as to support the improvement of management of state finances and public administration in general.

In view of the achievement of the above mentioned strategic goals, the need for a review and update of the CCG strategy was determined: from end of 2009 a process of the strategy update as well as development of new activities plans is taking place in the CCG.



## Audit in Accordance with International Standards

In accordance with the new Law, the responsibility of conducting audit in compliance with international standards has been imposed upon the CCG. In relation to adoption of international audit standards, the CCG developed a one-year action plan in 2009 that comprised the following stages:

- Development of the CCG audit standards in accordance with the internationally recognized audit standards
- Creation of the CCG audit manual based on the international audit standards
- Staff training and a simultaneous introduction of a new audit methodology and implementation of pilot audits

Work on the above issues started in August 2009. Within a very short period of time, audit standards regulating the CCG audit processes have been developed in accordance with international standards of SAIs; employees have been trained and a new draft of the audit manual has been introduced.

Main differences between audit and old revision processes are:

- assessment of an internal control system that makes the public finances management processes more flexible and efficient
- the ability of financial audit to cover the whole structure
- evaluation procedures of the pre-determined risks provide an opportunity to save human and time resources





- Audit act has become more reliable; it is more comprehensive and covers all substantial aspects of the object of the audit.

On the basis of international standards, the CCG performs risk based audits and the audit assurance model adopted by the CCG assumes 2% detention risk.

Main stages of an audit process are:

**Planning Process** is the stage that comprises collection of complete information about the organization, analytical procedures, risks evaluations, determination of materiality level and assessment of efficiency of internal control systems.

Implementation of analytical procedures provides an opportunity to see the picture of all operations performed within the whole year. Particularly, to determine accounting statements, operations, coeffi-



cients and tendencies that may indicate existing risks of significant deficiencies. The purpose of audit of internal control system efficiency is to reveal how appropriately the internal control mechanisms are established in order to timely reveal and eliminate potential violations.

Based on pre-defined planning procedures, further processes, scope and timeline of audits are being established; an appropriate approach to an audit is determined, in particular, the amount of documents to be audited is defined through audit selection process that is based on the risk assurance of 98%; however, in exceptional cases, in the objects of high risk, the 100% documentation audit may be applied.

All the above mentioned gives us an opportunity to save human and time resources.

**Independent Audit Procedures** (audit of documents), is the stage that incorporates financial and efficiency audit of already selected documents.

**Reporting Stage** is when all the relevant aspects are summarized and evaluated. And, based on the final evaluation, an opinion/conclusion is generated on the financial accountability and compliance with the legislation.

“ Within a very short period of time, audit standards regulating the CCG audit processes have been developed in accordance with international standards of SAIs; employees have been trained and a new draft of the audit manual has been introduced. ”

Opinions/Conclusions may be:

**Clean Opinion** – i.e. as a whole, financial reporting of organization and operations included in them comply with the accepted norms and legislative requirements.

**Qualified Opinion** – violations revealed as a result of an audit are not essential enough to give the object of the audit an adverse opinion or decide to not to give an opinion at all

**Adverse Opinion** – the activity of an organization does not correspond with the established requirements and norms; and

**Disclaimer** – when due to some limitations it is impossible to issue an audit opinion.

As a result of great efforts, within a very short period of time, the CCG managed to complete the amount of work that has taken years in some countries, however, in order to be able to continue the

development of the institution and adoption of new audit methodologies with the same pace, it, in the first place, requires the support of state organizations and units; in particular, it is necessary to establish an electronic recording system, perform training of relevant people, attract highly qualified candidates, develop internal audit and monitoring functions.

The CCG has a statutory obligation to annually submit a report/analysis of government report to the Parliament. That is exactly the reason why the CCG performed an analysis of the state budget implementation. The main drawback of this process was that a general analysis was performed within the period of 1 month which was based on the requested and received information and in fact no documentation audit used to take place.

In the process of adoption of international standards, the described method should be changed. In particular, the CCG, based on the new methodology, will annually conduct an audit of state budget implementation which will result in an audit act/opinion and not the CCG report.

Financial audit (that includes compliance audit) will start in October of the current year and will last for 6 months. This process will be systematic that will provide the CCG with the opportunity to control approximately 75% of the budget funds expenditure annually.

For the implementation of the above process, it is necessary to give the submission of monthly financial reports an obligatory nature and the term for the submission of an annual balance should be changed to February 1 instead of March 1.

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## New Goals

Goals of the CCG for the immediate future are:

■ **Development of Organizational Capabilities**, that includes:

- continuous update of strategic planning;
- improvement of organizational structure;
- improvement of resource management as well as development of training system and strategy
- development of internal and external communications;
- development of communication strategy in order to ensure better transparency of the CCG activities (communication with other governmental structures, media, professional and interested NGOs);
- development of infrastructure and introduction of IT in compliance with modern standards;
- development of IT strategy.

■ **Development of Professional Capabilities**, that includes:

- development of methodological database of state audit and adoption of international standards in public sector audit
- development and gradual introduction of financial audit methodology;
- creation and a step-by-step introduction of the performance audit methodology
- strategic planning of audit activities and their management
- introduction of quality management system.

## STRUCTURAL REORGANIZATION AND PERSONNEL: DEVELOPMENT OF PROFESSIONAL CAPABILITIES

Upon the enactment of the new Law “On the Chamber of Control of Georgia”, a process of structural reorganization took place in the CCG.

Based on the experience of European countries, after the closure of existing revision departments, structural units conducting audit were formed pursuant to the branch-functional principle determined by the state budget.

The following *branch based audit departments* were formulated:

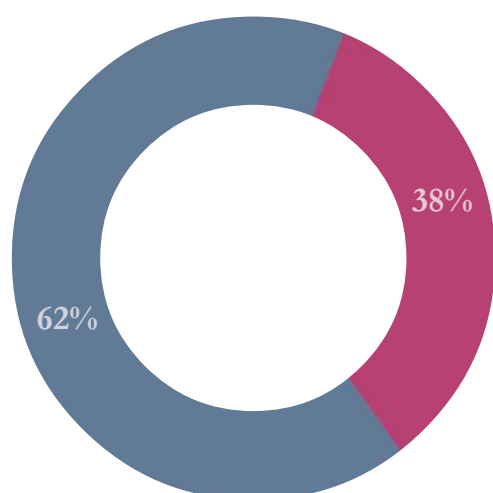
- General Purpose Governmental Service Audit Department,
- Social Sector Audit Department
- Defence, Public Order and Security Audit Department
- Economic Activities Audit Department.

In order to be able to exercise additional authority granted by law, the **Local Self-governing Entities Audit Department has also been established.**

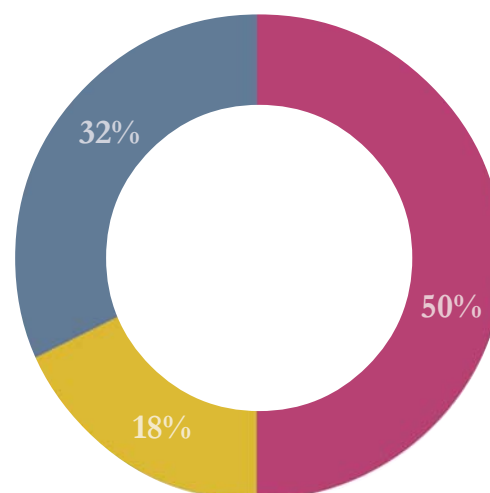
Besides that, an **Internal Audit Department** has been created. Taking into account the importance of internal audit, the Chamber of Control of Georgia was the first public institution that laid the basis for an internal audit system. And, despite the fact, that the Law “On Internal Audit and Inspection” hasn’t been adopted at the time (the Parliament of Georgia adopted the law on March 26, 2010; it has not been fully enacted yet, as there is no base for methodologies and regulations as well as no state system of internal audit exists), the CCG managed to carry out an internal audit that met the requirements of internationally set standards.

Along with the structural reorganization at the CCG, significant changes have been carried out in terms of optimization of the amount of staff, its professional development and quality growth.

There is a unit of auditor-interns at the CCG, the purpose of introduction of which was the creation of the stable, flexible and reimbursable training system for the staff involved in audit. After the competition-based selection and completion of the training courses, 6 successful youths continue working as auditor-assistants at the CCG.

**Gender Structure***Updated January 1, 2010*

■ MALE      ■ FEMALE

**Number of Staff (%) by Terms of Service***Updated January 1, 2010*

■ MORE THAN 10 YEARS      ■ 0-5 YEARS      ■ 5-10 YEARS

**WORK ENVIRONMENT IMPROVEMENT:  
CHAMBER OF CONTROL – AN ESTABLISHMENT  
EQUIPPED IN LINE WITH THE UP-TO-DATE STANDARDS**

Creation of the working environment for the CCG employees that would comply with modern standards and would be equipped with advanced technology was the challenge which the CCG has managed to overcome successfully: 1 949 005 GEL were spent on the capital internal reconstruction of the administrative buildings located in Tbilisi and Kutaisi, 208 700 GEL were spent on procurement of office supplies, and 284 000 GEL on office inventory.



## New Approaches, Challenges and Priorities

The CCG conducts its audit activity in accordance with audit plans.

Besides the planned audits the CCG has the authority to conduct an “unscheduled” audit, the implementation of which according to the Law “On Chamber of Control of Georgia” can be initiated only by the President, the Parliament of Georgia, Temporary Parliamentary Commission of Investigation, the General Prosecutor of Georgia and his/her deputy as well as by the decision of the Presidium.

The ‘unscheduled’ audit is also conducted upon the request of the Parliamentary Minority Faction and/or at the request of the faction that is not united in the parliamentary majority.

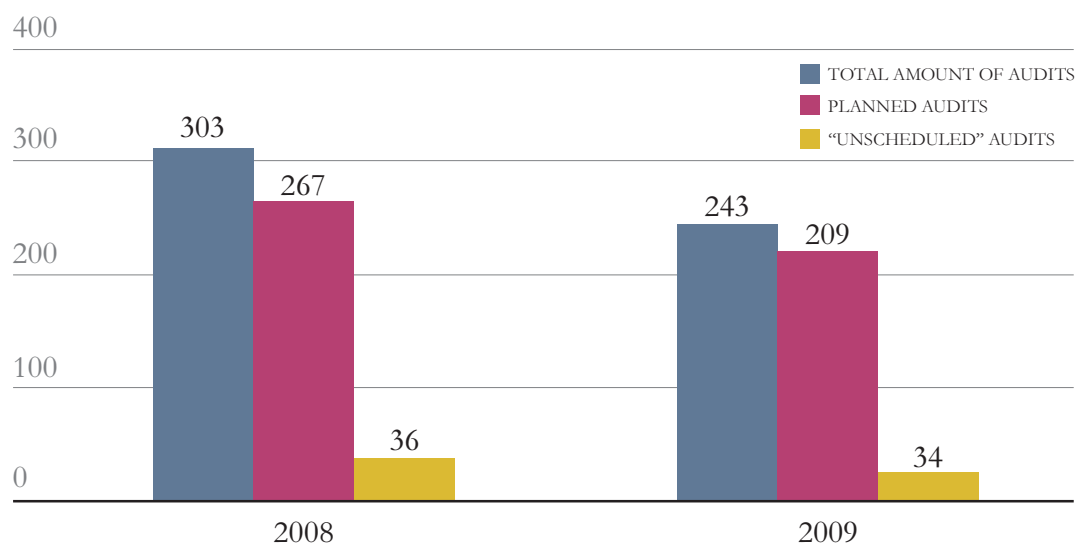
### **Audit of the Chamber of Control has covered the budget of 4 billion 455 million GEL.**

In total, 243 audits (including 209 planned and 34 ‘unscheduled’ ones) have been performed within the period of the year under review, which is 60 audits less than the amount of audits conducted in 2008. This fact may be explained by the current structural changes that take place in the CCG and by the attempts of enhancement of the quality of audits – the CCG activity should be assessed by the quality of conducted audits and not by their quantity.

“ The CCG activity should be assessed by the quality of conducted audits and not by their quantity. ”

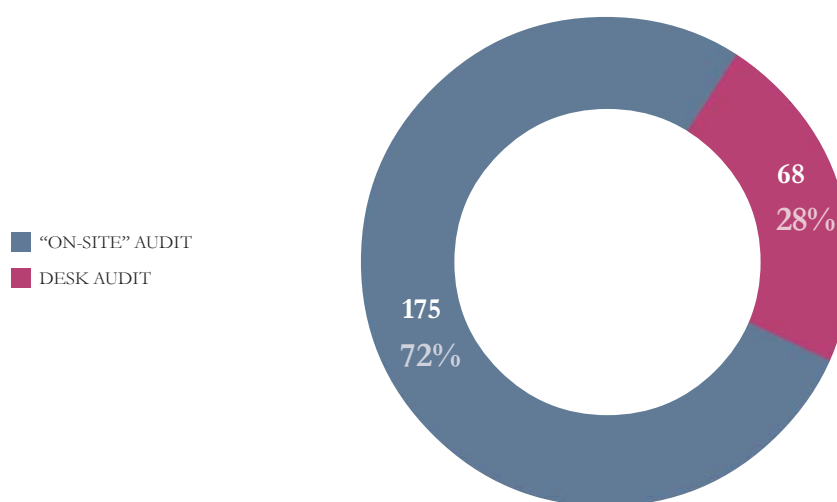


### Number of Conducted Audits (Planned or “Unscheduled”) 2008-2009



In the process of reforms an example of a new approach of the CCG towards the audit activity is that, within the period of the year under review, 68 audits have been conducted based on the desk audit procedures (in 2008 there was just one audit conducted in this form): this form of audit implies the implementation of audit without visiting the object of the audit and is based on the audit of the requested documents.

### 2009 “On-site” and Desk Audits



While pointing out the increase in the number of audits conducted in the desk audit form, it is important to important that no inconvenience is created to the object of audit and the ordinary course of activities is not disturbed.

Number of auditors participating in audits as well as the average number of participants in one audit were reduced, i.e. it became possible to achieve high quality results with less costs.

**An important novelty is the new approach to the development of an annual audit plan: reduced number of objects of audits, more overall audit of public resources - i.e. the CCG doesn't conduct audits of all public institutions, but only those ones that jointly utilize not less than 75% of the state budget.**

Before beginning of the year 2010 the CCG determined the priorities in accordance to which it conducted its work – in history of the CCG it was the first time that this approach has been used. The following priority spheres and directions have been determined by the CCG for 2010:

1. Finance management of public sector
  2. Management of diplomatic services of Georgia
  3. Management of social programs
  4. Management of healthcare programs
  5. Management of education institutions and programs
  6. Management of the sphere of public security
  7. Management of infrastructural projects
  8. Monitoring of the enterprises that hold shares of state funds
  9. Conditions of state property privatization in the regions of Georgia
  10. Monitoring of media broadcasting run by public finances
-



## Audit Results

Audits conducted by the Chamber of Control of Georgia within the year under review comprised the budget of approximately **4 billion 455 million GEL**.

As the result of the audits about 1 195 cases of violations of legislation in various spheres have been revealed within this period. The following acts have been frequently infringed:

- Law of Georgia “On Budget System of Georgia”;
- Laws of Georgia on 2008 and 2009 State Budgets;
- Law of Georgia “On State Procurement”;
- Regulation “On Implementation Rules for State Procurement”
- Instruction “On the Rule of Undertaking an Obligation and Expenditures by the Organizations being users of the State Treasury Service”;
- Instruction “On the Rules of Payments by the Organizations being users of the State Treasury Service”;
- Instruction “On the Budgetary Classification of Georgia”

As the result of the audits carried out by the CCG inaccuracies in the implementation of public procurements, incompliance with the terms and conditions of agreements and other violations have been detected:

- **Implementation of procurement by an unauthorized subject and endorsement of agreements with an unauthorized party.** For example, in 2006-2007 for the purpose of training of residents, Tbilisi State Medical University violating procurement regulation acts paid 337.3 thousand GEL for the services to the non-accredited clinics, that had no authority to carry out training. As it has been established by the audit, the structural units of the Medical University – the clinics – managed the

finances at their own discretion. Instead of the University, they themselves independently carried out public procurements which amounted to 3 779.0 thousand GEL within 2004-2009.

- **Non-fulfillment of financial terms of agreements.** For instance, from the investment of 750.0 thousand GEL to be made according to the Lease Agreement signed by the Medical University and “Saburtalo” football school, the lessee fulfilled only 7% within the audit period. In addition, the lessee tried not to pay the stated lease amount within the defined period.
- **Non-existence of documents certifying the expenditure** (that makes it impossible to establish the appropriateness of incurred expenses and procurement object). Examples of such violations are the 19 agreements signed within the framework of the state program of protection of cultural inheritance (with total value of 2 536.8 thousand GEL); as well as the case of repair works in the amount of 130.0 thousand GEL that took place in the Medical University.
- **Improper management and failure to take appropriate measures for the mobilization of additional funds in the budget.** For example:
  - In case of signing an agreement on the bank accounts interests by the Medical University, it would have received approximately 200.0 thousand GEL, 20.0 thousand GEL of which would have been transferred to the state budget in the form of taxes;
  - Lease payment in the amount of 30.5 thousand GEL should have been transferred to the state budget instead of the Medical University account;
  - For violating terms of procurement and other agreements the amount to be charged as a penalty totals 45.4 thousand GEL;
- **Cases of inefficient, purposeless spending of state funds.** For example:
  - Due to improper planning and implementation of the program management processes, LEPL Health and Social Protection Projects Implementation Center has spent up to 600.0 thousand GEL inexpediently;
  - The Medical University has incorrectly written down the fuel for the value of 23.0 thousand GEL;
  - The Ministry of Economic Development has spent 28.3 thousand GEL for procurement-installment of decorative flowers and 1 year later these flowers were written down as inappropriate for use.
- **Improper administration of state programs and flaws in methodologies.** For example, the audit of the state program of social assistance for socially vulnerable families revealed the defects in the methodology of evaluation of social-economic conditions of socially vulnerable families which affected the proper determination of beneficiary target groups. A number of flaws in the administration of the program have been also revealed: no terms for granting allowances were determined, no monitoring of beneficiaries’ accounts were conducted at the bank institutions due to which more than 400 000 GEL were transferred to personal accounts of beneficiaries, etc.

For the elimination of such defects, the CCG submitted to the Ministry of Labour, Healthcare and Social Protection of Georgia and the Social Service Agency relevant recommendations, which resulted in the adoption of the new normative act by the Government of Georgia (Resolution No.93 of March 30, 2010 “On Adoption of Evaluation Methodology of Social-Economic Conditions of Socially Vulnerable Families (Household)”) aiming at the elimination of the defects revealed in the evaluation methodology of social-economic state of socially vulnerable families.

“Results of the audit showed that the ministries and institutions did not pay proper attention to the sources of liabilities, their inventory and to the determination of the level of debts.”

- **One of the cases of taking obligations and making payments without the assignment** has been revealed in the Ministry of Energy of Georgia;
- **Non-existence of documentary monitoring system.** An example of this is the case of the deficiencies revealed in the management of loans granted within the framework of the state program “Cheap Credit”. In particular: in accordance with the Government Order No 539 within the framework of the subproject of the above mentioned project “Export Incentive” the state granted to “State Maintenance” Ltd. and “Urekhi” Ltd. credit amounting to 17 662.5 thousand GEL and 1 413.0 thousand GEL respectively. The Ministry of Economic Development of Georgia in accordance with the Government Order No538 of August 11, 2008, was responsible for the implementation of loan documents monitoring; however it didn’t fulfill its responsibilities. Besides that, contrary to the agreement, wheat was procured instead of flour and no sanctions have been imposed upon the borrower.

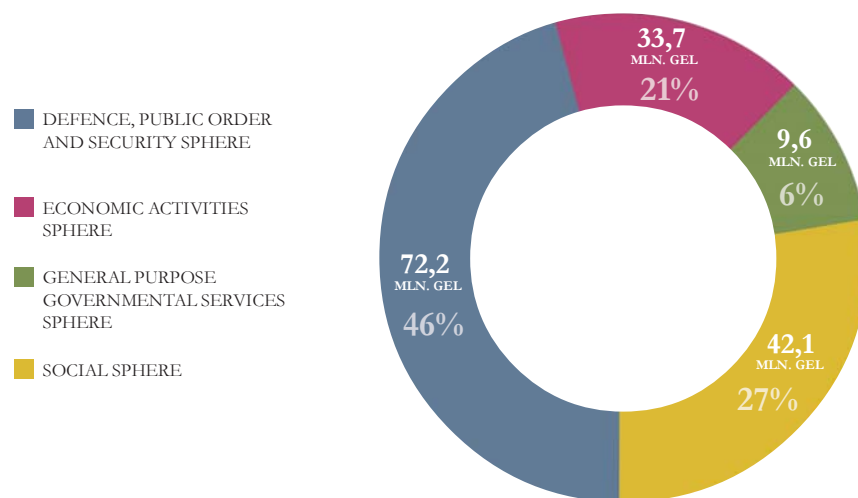
Results of the audit showed that the ministries and institutions did not pay proper attention to the sources of liabilities, their inventory and to the determination of the level of debts. As the result, balances of some institutions didn’t display liabilities at all and in some occasions balances included significant amounts of old debts for the elimination of which no proper measures have been undertaken. In the process of the audit of the **National Agency of Oil and Gas** conducted by the Chamber of Control, accounts receivable of 10 licensees in the amount of 639.8 thousand GEL owed to the state budget have been revealed. One of the reasons of such liability was the idleness of the agency.

Decline in accounts receivable of state institutions by 337 602.6 thousand GEL is a positive sign, however the fact of their increase by 86 625.3 thousand GEL that took place in the previous year indicates, that the state institutions should take additional measures for their reduction and avoid undertaking any new liabilities.

Audit outcomes showed that the common condition that gives rise to the creation of accounts receivable is the advance payment for a product or service to contractors or an inappropriate certification of received goods or services – the recommendation of the CCG regarding the issue of accounts receivable is to limit to the maximum advance payments, since in the cases described above, the ability to control the fulfillment of agreements, quality appropriateness of provided products or their timely delivery is constrained.

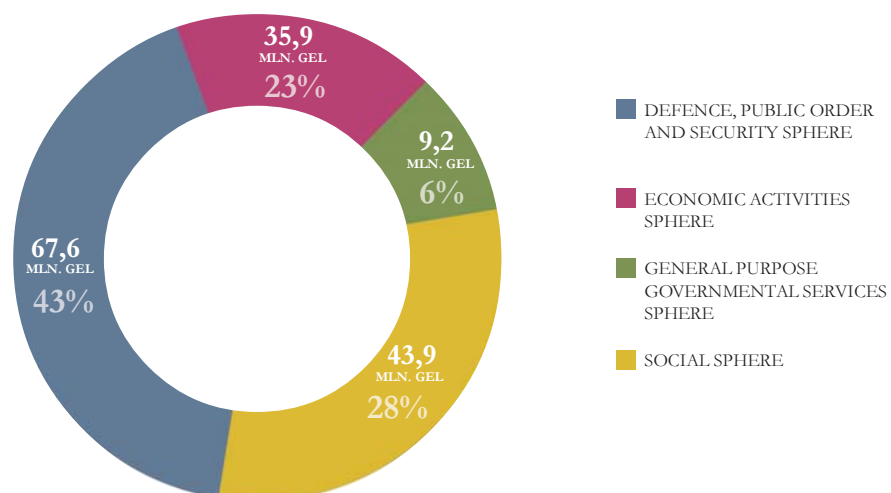
### Amount of Accounts Payable

Updated January 1, 2009



### Amount of Accounts Payable

Updated January 1, 2010





Audit of the implementation of the state budget of Georgia revealed that the levels of **expenditure of budget funds** is significantly increasing **at the end of the calendar year** that indicates the existence of flaws in the budget planning processes and its management; the relevant data is provided in the form of a table:

N ORGANIZATIONS UNDERTAKING EXPENDITURES		PLAN OF 2009	AMOUNT OF OBLIGATIONS UNDERTAKEN IN DECEMBER 2009	%-IN RELATION TO THE PLAN OF 2009 (GRAPH N3)
1	2	3	4	5
	<b>State Budget of Georgia</b>	<b>5 468 219 930.81</b>	<b>447 840 844.1</b>	<b>8.2</b>
1.	The Parliament of Georgia and Organizations related to it	33 805 159.86	2 327 620.1	6.9
2.	The Administration of the President of Georgia	20 420 152.92	1 361 657.5	6.7
3.	Office of the Council of National Security of Georgia	17 167 149.30	378 896.0	2.2
4.	The Chancellery of the Government of Georgia	9 102 783.00	547 884.3	6.0
5.	The Georgian Central Election Commission	12 927 036.00	283 354.4	2.2
6.	Constitutional Court of Georgia	2 357 572.00	72 263.9	3.0
7.	Supreme Court of Georgia	5 654 000.00	157 929.3	2.8
8.	General Courts	30 591 917.00	410 966.4	1.3
9.	The Supreme Council of Justice of Georgia	937 000.00	27 464.2	2.9
10.	Ministry of Finance of Georgia	116 989 912.00	6 080 927.9	5.2
11.	Ministry of Economic Development of Georgia	26 543 805.00	2 167 260.5	8.2
12.	Ministry of Regional Development and Infrastructure	189 864 174.00	371 329 795.4	19.6
13.	Ministry of Justice of Georgia	52 645 332.00	1 376 941.8	2.6
14.	Ministry of Corrections and Legal Assistance of Georgia	84 688 406.00	4 326 283.6	5.1
15.	Ministry of Foreign Affairs of Georgia	64 698 971.72	1 088 716.0	1.7
16.	Ministry of Defense of Georgia	724 879 479.00	119 980 950.4	16.6
	<b>Increase of Fixed Assets</b>	<b>144 403 982.00</b>	<b>39 321 878.1</b>	<b>27.2</b>

17. Ministry of Internal Affairs of Georgia	573 828 200.00	141 574 248.7	24.7
18. Foreign Intelligence Service of Georgia	6 500 000.00	449 966.4	6.9
19. Ministry of Education and Science of Georgia	477 505 482.00	11 678 386.5	2.4
20. Ministry of Culture, Monuments Protection and Sport of Georgia	89 591 359.15	8 823 344.9	9.9
21. Ministry of Refugees and Accommodation of Georgia	50 004 507.00	4 648 221.4	9.3
22. Ministry of Labour, Health and Social Protection of Georgia	1 507 573 991.00	50 073 544.8	3.3
23. Ministry of Agriculture of Georgia	69 321 082.66	3 160 363.3	4.6
24. Ministry of Energy of Georgia	8 679 886.00	1 828 834.7	21.1
25. Ministry of Environment Protection and Natural Resources of Georgia	25 881 470.00	670 307.6	2.6
26. The Special State Protection Service of Georgia	38 735 000.00	468 543.2	1.2
27. LEPL – Public Broadcasting	19 556 098.00	224 972.4	1.2

Despite the fact that, after reforms, the CCG no longer carries the image of the repressive institution, it, like all other institutions, is obliged to report the revealed violations to the law enforcement bodies. 23 such cases took place in 2009, and in 12 cases, on the basis of the request of the law enforcement bodies, 28 auditors of the CCG have conducted financial-economic audit.



After reforms, the CCG no longer carries the image of the repressive institution. ”

With the purpose of investigating the violations revealed by the audit and in order to come to a decision, the audit materials related to the implementation of the program dedicated to the provision of specific medicine to the population carried out by the Agency of Healthcare and Social Programs, have been sent to the law enforcement bodies. Other materials sent to the law enforcement bodies included audit results of the National Environment Agency, Roads Department of Georgia, Program “Rehabilitation of Melioration System”, Forest Department, the Ministry of Education, Culture and Sport of Adjara, municipalities of Kobuleti and Khelvachauri. This is only a part of those state institutions, municipalities or enterprises that showed the traces of deficiencies/violations and gave signs of suspicious conditions.

**In saving the budget amounts and in the increase of budget revenues the contribution of the Chamber of Control amounted to 12 963 033 GEL.**

**As the result of audits:**

- **the budget received revenue of additional 5 315 352 GEL**
- **unpurposeful or inefficient expenditure of 5 266 406 GEL was disclosed**
- **it became possible to mobilize a great part of the amount 2 381 275 GEL of the state budget.**

To be mentioned:

- ESCO, Ltd. – 1 652 036 GEL;
- Georgian Tele-Radio-Center, Ltd. – 100 384 GEL;
- State Medical University – 159 699 GEL;
- National Agency of Oil and Gas of the Ministry of Energy of Georgia – 32 400 GEL;
- JSC “SAKENERGOREMONTI” – 11 600 GEL;
- SAKAERONAVIGATSIA, Ltd. – 35 000 GEL.

On the basis of violations revealed in several cases by the CCG, the law enforcement bodies brought to an account a number of people responsible for frauds: 21 of them are reprimanded, and the amount reimbursed to the state totaled 3 324 233 GEL, including:

- Saknavtobi-Samgori, Ltd. – 963 614 GEL;
- JSC Tbilisresmsheni, JSC Erisimedi, Mshenebeli, Ltd. – 950 000 GEL
- JSC Gudauri – 740 000 GEL;
- National Center of High Technologies, Ltd. – 670 619 GEL.

#### RESPONSE TO THE AUDITS OF THE CHAMBER OF CONTROL

As an outcome of the results of the audit of the National Bank of Georgia, the CCG initiated amendments to the Law of Georgia “On State Procurement” and since January 1, 2010, the procurements based on the budget of administrative and capital costs approved by the Council of the National Bank of Georgia have been subjected to the regulations envisaged by the Law of Georgia “On State Procurements”.

On the basis of the recommendations provided by the CCG audit act, LEPL “Sport-Recreation Complex” was subjected to the Ministry of Culture, Sport and Monument Protection of Georgia pursuant to No. 541 Order of the President of Georgia of August 25, 2009.

Audit of the Constitutional Court of Georgia revealed that the Chairman of the Constitutional Court had been making various payments using the representation allowances during his business trips, despite the fact that this authority was not legally registered. Based on the recommendations provided by the audit act of the CCG, in accordance to the No. 480 Order of the Minister of Finance of Georgia of April 5, 2009 an appropriate amendment has been made to No. 220 Order of the Minister of Finance of Georgia of April 5, 2005 “On Determination of the Norms of Allowances for a Business Trip paid to an Employee”.

Public disputes that followed the results of the audits carried out by the CCG were one of the reasons that provided the basis for the adoption of the new Law “On State Procurement”. It envisages the regulations which are in compliance with new modern standards and which will facilitate the effective decision making process and enhance the transparency of public procurements.

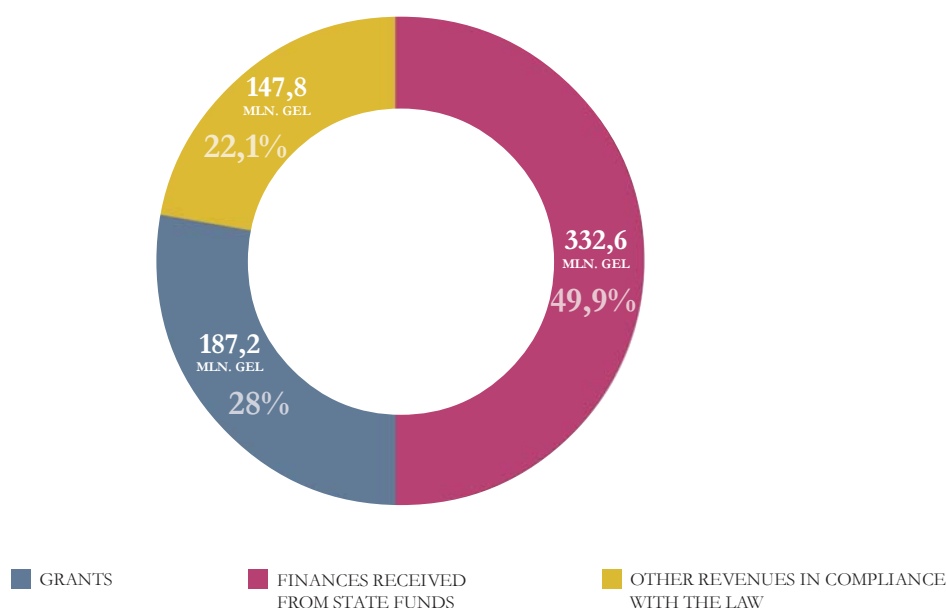
It is noteworthy, that until the end of the audit process, the objects of audits took significant measures to eliminate defects or transfer funds to the budget. Examples of these are: reimbursement of 11 600 GEL to the state budget by the contractor company of the Ministry of Energy of Georgia; reimbursement of 35 000 GEL to the budget granted in excess as business trip allowances by the employees of Sakaeronavigatsia, Ltd.; payment of 32 000 GEL by energy companies holding licenses (later the sum amounted to 639 000 GEL).

#### LEGAL ENTITIES OF PUBLIC LAW AND FINANCES UNDER THEIR MANAGEMENT

In relation to the report of the government of Georgia on the 6 months condition of the 2009 State Budget implementation and the progress of the 2009 State Budget implementation, in its report to the Parliament the CCG should indicate the deficiencies related to the increased number of the legal entities of public law and the differentiated manner of their funds management.

As of the state of beginning of the current year, the considerable amount of finances (**667,6 million GEL**) under the management of the 27 legal entities of public law selected by the Government, by 50% consists of the state financing, 22% – of the funds received as the result of provided services, and 28% – of the received grants – i.e. great amount of public funds is being managed in a different manner.

### LEPL Revenue Structure



The undetermined number of legal entities of public law as well as the non-existence of distinct criteria for the selection of LEPL subject to financial reporting are the deficiencies the modification of which require corresponding and systematically assessed decisions.

It is true, that by the resolution No68 of the Government of Georgia of March 10, 2010, the number of legal entities of public law subject to submission of financial reports to the Ministry has increased from 27 (see the resolution No71 of the Government of Georgia of April 6, 2009) to 112 – that indicates a greater level of accountability and transparency, however, it is impossible to systematically solve the problems this way.

The issue of the level of sovereignty of the legal entities of public law still remains challenging. The Ministries frequently conduct unsubstantiated administration of the legal entities of public law under their supervision that negatively affects the material state of the latter. An example of this is the case when **the business trip expenses of the personnel of the Ministry of Economic Development in the amount of 148 409 GEL have been covered by LEPL “National Investment Agency”**.

Based on the recommendations of the Chamber of Control, new regulations were adopted by the Law “On 2010 State Budget” that set the limits for the authority of decision making of the legal entities of public law and in accordance to which the level of efficient and transparent expenditure of public resources has increased.



## Management System of State Organizations

Despite the lack of time, in October 2009 the CCG began monitoring the management system of state organizations and conducted audits of the Enterprise Management Agency and 24 state enterprises.

In this direction, the activity of the Chamber of Control put the issue of the state companies under the attention of the society and state organizations, which in its turn drew the interest of administrative authorities to this topic – the Chamber of Control rendered its professional assistance to these structures as well.

### AUDIT RESULTS OF LEPL ENTERPRISE MANAGEMENT AGENCY

Audit of the Enterprise Management Agency has revealed a lot of violations-deficiencies among which were the following important ones:

- from 1426 companies under the supervision of Enterprise Management Agency, 506 state companies have not submitted (or submitted in an incomplete form) 2008 financial reports (as of November 2, 2009). In addition, the Agency doesn't possess information on them.
- the Agency, as a partner authorized by the State, has not taken the substantial measures towards these and other unprofitable companies;
- no property owned by the state organizations is recorded and accordingly this property is not appropriately included in the economic turnover;
- proper control is not performed over the transfer of dividends to the state budget



- the Enterprise Management Agency didn't perform an appropriate monitoring of the business-plans implementation progress: in 2009 business plans of only 258 out of 1426 companies were approved and in many cases it was done only as a formality;
- state companies frequently undertook obligations without informing the Agency, and as a result, the solvency of the companies was decreased by the artificial and unsubstantiated increase in debts.
- as a rule, costs of the companies were in practice more than predicted by the business-plan, and they didn't include appropriate amendments and consent of the Agency.
- frequently, there were cases of leasing the real estate by the companies without the Agency's consent, or with its consent but without taking into consideration price limits set by the latter.

Based on the above mentioned, the Chamber of Control issued recommendations to the Enterprise Management Agency to systematically evaluate the issue of further state management functions, as well as to determine the spheres of priority together with the Ministry of Economic Development in accordance to which the state enterprises will continue functioning (and the rest of the enterprises will be subject to privatization).

Based on the audit outcomes of the CCG, the Enterprise Management Agency started the development of the systematic reorganization of state enterprise management.





## Violations-Deficiencies Revealed in State Enterprises

The violations detected in the Enterprise Management Agency led to implementation of audits in state enterprises that revealed significant deficiencies and violations.

- The majority of companies are not fulfilling their main functional obligations, and as an outcome, the State cannot obtain the results expected at the time of creation of the companies. This is sometimes caused by the outdated technical and material base of the companies, however, in some cases it is an obvious result of inefficient management, (e.g. Editing House Nakaduli, Ltd., Spetstrans, Ltd., Technical Specialists Training Center, Ltd.).
- Business plans are not carefully developed; they do not reflect the actual state and abilities of the company that indicates weak management. Respectively, the state cannot receive the adequate financial results of granted resources (this problem was detected in all organizations).
- In the majority of cases, no purposeful application and proper management of the property under the supervision of the organization are provided. The companies turned the leasing of unused spaces as their general business and accordingly as a source of income; frequently it is performed with violations of applicable laws. (e.g. Editing House Nakaduli, Ltd. – 815 sq.m unused space in the center of Tbilisi, of the value of approximately half million USD; Spetstrans, Ltd. – unused land plot and premises of the value of 3 069.4 thousand GEL; Sakspetstrans, Ltd. – unused land plot and premises of the value of 1 050.0 thousand GEL).
- In the undeveloped functional conditions, the company still retains great number of staff and the minor income received by the organization is spent for retaining the personnel and other administrative costs (this problem was detected in all organizations).

- As a rule, organizations pay less attention to the repayment of accounts receivable – payable and tax payments. For example, Gudauri, Ltd. has taken a loan from the state amounting to 13 629.6 thousand GEL, as well as 587.2 thousand GEL and USD 9.0 thousand commercial loans not approved by the Agency).

The review of the below violations on the examples of some enterprises clearly demonstrates the importance of the issue

### JSC GUDAURI

- Accounts receivable of JSC Gudauri to E.S. Gudauri, Ltd. were unsubstantially reduced by 53 069 GEL, and accounts payable – increased by 398 440 GEL;
- Unfavorable costs in the amounts of EUR 280 000 and 1 234 130 GEL have been undertaken by the enterprise;
- Out of the loan allocated by the order No359 of the Government of Georgia of July 5, 2007, (EUR 6 000 000 equivalent to –13 629 600 GEL), 1 725 300 GEL were spent inappropriately by the organization.

### SAKNAVTOBI-SAMGORI, LTD.

Saknavtobi-Samgori, Ltd. has granted a loan in the amount of USD 300 000 under unfavourable conditions for itself (namely without taking into consideration the market interest rate and financial state of the borrower) to the Ruge Capital, Ltd., whose founder and 100% share holder is the son of the director of Saknavtobi-Samgori, Ltd. As a result, Saknavtobi-Samgori, Ltd. has used the state company funds inappropriately and unprofitably.

The loan was granted at 14% annual interest rate, when based on the data of the National Bank of Georgia, by the time of the repayment of the loan the rate on loans in foreign currency for legal entities would be 18.2% and 18.8% respectively.

In relation to this fact, 3 people have been charged under the criminal law.

### ELECTRICITY SYSTEM COMMERCIAL OPERATOR, LTD.

- Upon the address of the CCG, the above company has transferred to the state budget in the form of dividends 1.65 million GEL, the amount previously kept in the bank deposit account.

- Significant part of the costs of the current operations of the organization are the office lease costs, which within the audit period amounted to 540.5 thousand GEL. Following the recommendation of the Chamber of Control, the expensive lease has been terminated.

#### GEORGIAN TELERADIOCENTER, LTD.

- In 2007, Georgian Teleradiocenter had 605.9 thousand GEL more actual general costs in comparison with the estimated costs;
- Additionally, the company paid 100.3 thousand GEL to the state budget.

#### SAKAUTOTRANS. LTD.

Based on the tender announced by the Road Department under the Ministry of Transport of Georgia in 2000 (which envisaged obtaining the right for service provision on the travel routes for 5 years), Sakautotrans, Ltd, as the winning bidder gained 5 years right to provide the service on some intercity routes. After 2005 no tender was held in this sphere and the organization is still carrying out transportation services. Also, it should be noted that the company, the revenues of which amounted to 1.2 million GEL in 2007-2009, is unprofitable. Till present, intercity and interregional passenger transportation services are not regulated by the state.

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## Turning a new page: The Chamber of Control of Georgia, a partner of International Organizations and SAIs of the Leading Foreign Countries

The CCG attaches a particular importance to the development of international relations which it considers vital for the its development and for the development of the Institution as a desirable and equal partner of SAIs all over the world.

The CCG has been a member of International Organization of Supreme Audit Institutions (INTOSAI) since 1992, a member of European Organization of Supreme Audit Institutions (EUROSAI) since 1993 and a member of Asian Organization of Supreme Audit Institutions (ASOSAI) since 2004. It is represented in the Committee of INTOSAI Professional Standards, Subcommittee of Internal Control Standards, Working Group of Program Evaluation and the Environmental Working Group as well as in the EUROSAI Environmental Audit Working Group.

In 2009, the CCG had maintained cooperative relationships with:

- Swedish National Audit Office (SNAO);
- EC Delegation, the World Bank and the Development Partners (WB, SIDA, DFID, Koninkrijk der Nederlanden), support for Improvement in Governance and Management Project (SIGMA);
- U.S. Government Accountability Office (GAO);
- German Technical Cooperation (GTZ);
- State Audit Office of Latvia;

On September 15-18, 2009 the Chairman of the Chamber of Control of Georgia and the Auditor General of the Swedish National Audit Office (SNAO) signed a Memorandum of Understanding, which became the basis for intensive and fruitful relations between the Chamber of Control of Georgia and the Sweden National Audit Office.

Directions of the strategic cooperation with the Swedish colleagues are:

- Financial Audit;
- Internal and External Communications;
- IT Strategy;
- Management;
- Performance Audit;

The partnership activities carried out within the framework of the cooperation project with the Support for Improvement in Governance and Management Project (SIGMA) included the following issues important for the development of the CCG:

- Retraining of state auditors, development of the systematic approach towards the staff training
- Institutional and external audit, their interaction;
- Preparation of annual reports and statements.

The visit of the Chairman of the CCG to the USA on December 2-4, 2009 holds a very important place in the history of the CCG.





During the visit, a meeting was held with the Acting General Auditor of GAO of the US and the Head of International Department of Strategic Planning.

This meeting turned out to be the beginning of the cooperation that resulted in the renewal of the International Training Program for managers and auditors of the CCG (International Auditor Fellowship Program) within the framework of which the CCG employees will have an opportunity to undertake training programs in the GAO training centre free of charge.

By the moment of submission of this report (May, 2010), the auditor of the Chamber of Control of Georgia will have already started an intensive course in the training centre.

On August 24, 2009 the Chairman of the Chamber of Control of Georgia and the Head of the Regional Bureau of GTZ signed a Memorandum on further cooperation between the CCG and the GTZ.

Cooperation with the GTZ covers the following issues:

- Local Budget Audit;
- Performance Audit;
- Preparation of annual reports and statements;

Within the framework of this partnership 4 auditors of the CCG will undertake probation courses in the Supreme Audit Office of Federal Republic of Germany in 2010.

On November 16, 2009 a close cooperation between Georgian and Latvian colleagues commenced by the visit of the Auditor General of the State Audit Office of Latvia to the CCG.

The purpose of the visit was also to support the CCG in the introduction of a modern methodology of audit as well as the development of external audit.

The following two visits gave the opportunity to the employees of the CCG to share experience with the Latvian colleagues and to get acquaintance with their best practices.

Tight partnership with Latvian colleagues was reached by active participation and thanks to the efforts of EU Support for Improvement in Governance and Management Project (SIGMA).

Besides bilateral cooperation activities, in 2009 the CCG participated in workshops, conferences and working meetings of international organizations.





## New Initiatives and Achievements

Development of the Code of Ethics with the help and support of foreign colleagues is an important event in the history of the CCG. The Code of Ethics is expected to support the improvement of professional ethics, enhance professional standards and increase the levels responsibility. This will result in the increase in the trust towards the CCG and its employees by the society.

The CCG is in the process of improvement of the methodological base in accordance with international standards and internationally recognized practices.

It has also started the process of development of the financial audit manual which will serve as a daily guidance for planning, preparation and conducting audits as well as the preparation of reports based on the audit outcomes in compliance with the professional standards of INTOSAI.

Drafts of general, working and reporting standards have been worked out.

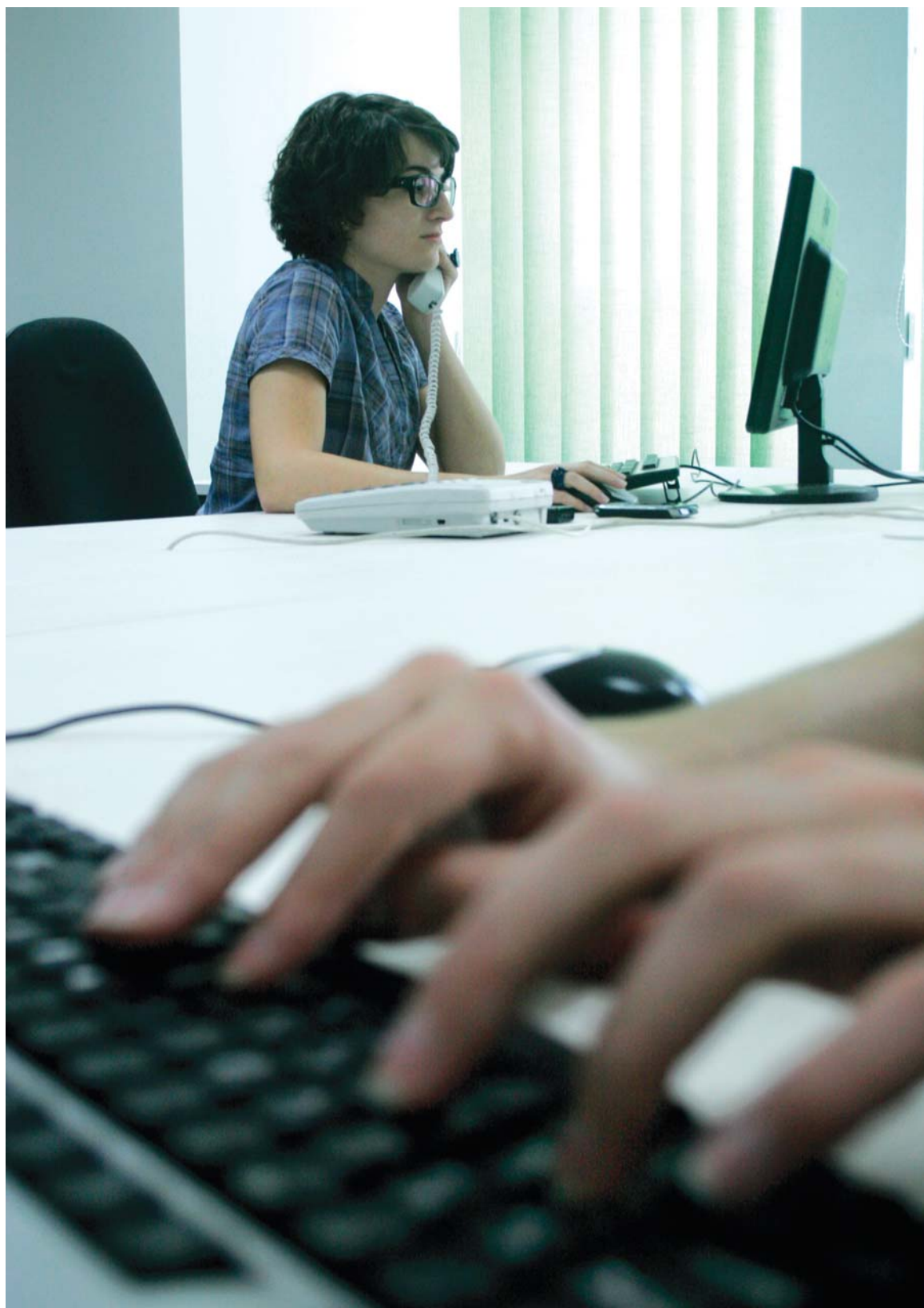
Based on the practice of the SAIs of Europe and the USA, documents that could be used during the process of audit of the CCG have been developed. In order to apply them in practice, a pilot audit is being successfully carried out during which the audit procedures envisaged by the new methodology are used.

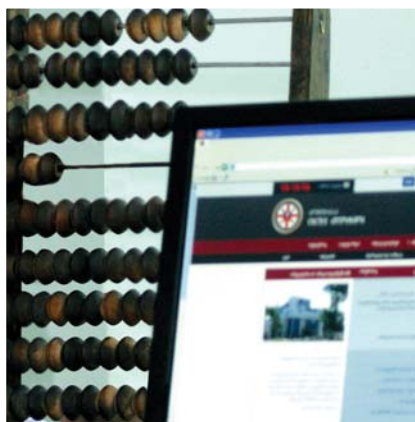
Despite the non-existence of the Law on Local Audit and Inspection, the CCG, as the supreme institution of external audit, set an example to other public institutions by developing an internal audit structure and conducting an internal audit in compliance with international standards.

The aspirations of the CCG to develop as audit institution in a short period of time are hindered by:

- current state of the present financial management system of the public sector of Georgia which, unfortunately, doesn't fully correspond to international standards yet.

- low level of modern technological applications within the process of financial management by the spending organizations – in relation to the adoption of international standards, audit procedures and approaches are significantly changing, that is the reason why the application of IT is important for the proper implementation of audit;
- Low level of financial recording and non-existence of internal control system – it is imperative to prompt the adoption of international standards of accounting recording in the public sector of Georgia and introduction and development of internal control systems.





## New Report

### FINANCES OF THE CHAMBER OF CONTROL

The budget assignments of the CCG allocated by the 2009 State Budget comprised 12 959.6 thousand GEL.

Total amount (payment) of the funds allocated by the 2009 Budget amounted to 11 994.8 thousand GEL, which is 2 874.4 thousand GEL more than the respective indicator in 2008; 61% of the allocations were used for the development of proper working environment in accordance with international standards at the CCG – at present, all the employees of the CCG are provided with personal well-equipped working space. 5 057.8 thousand GEL out of the 2009 assignments represent the salary fund for the employees of the CCG.

### RELATION OF THE CHAMBER OF CONTROL WITH THE PARLIAMENT OF GEORGIA

In order to fulfill the obligations imposed by the Constitution of Georgia, the CCG submitted to the Parliament of Georgia the following reports:

- the report on the implementation of 2008 State budget related to the report of the Government of Georgia,
- the report on the progress of the implementation of 2009 State budget related to the report of the Government of Georgia,
- the annual report on the activity of 2008 of the Chamber of Control of Georgia,

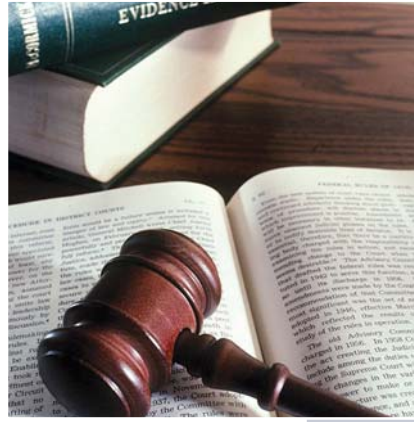
These documents have become the subject of review and assessment by the Parliament and the public. Many questions have been discussed that promoted the budget transparency.

In 2009 conclusions with appropriate comments and recommendations were prepared and sent to the Parliament of Georgia with regards to all the amendments in the Law “On the 2009 State Budget of Georgia”, and drafts of the laws “On the 2010 State Budget of Georgia” and “On the State Internal Audit and Inspection”.

In the total, the Parliament of Georgia was sent the comments and recommendations on 36 law drafts.







## Required Amendments to the Legislation

For the advanced development of public funds management as well as the development of reporting processes and increase in transparency of the budget implementation; also, for the CCG to be able to perform audits in accordance with the modern standards, it is very important for proposals on the amendments in the legislation to be taken into consideration, that will:

1. if required, allow the CCG to invite a private auditor or to involve an internationally recognized company.
2. permit the regulations of administration proceedings not be applied to the audit process of the CCG;
3. make the assessment of the audit acts by the Parliamentary Committees prior to the approval of the report of the Government of Georgia on the state budget implementation compulsory. This will increase the level of responsibility and allow taking informed decisions in the budgetary sphere.
4. will ensure the compliance of reporting procedures with modern international standards and the process of optimization of terms by institutions, as a result of which the spending organization will submit annual reports and balances to the Ministry of Finance along with the CCG audit acts; the report and the consolidated balance developed by the Ministry of Finance shall be presented to CCG. And only after that the Report on the Budget Implementation by the Government of Georgia along with the CCG audit acts shall be submitted to the Parliament of Georgia;
5. intensify the measures of punishment for non-fulfillment of the requests of the Supreme Audit Institution – the Chamber of Control – and its auditors.



## Appendix

### The Chamber of Control 2009 Approved Budget

IN THOUSANDS GEL				
ORGANIZATION CODE	N A M E	APPROVED 2009	INCLUDING BUDGETARY FUNDS	INCLUDING CREDITS AND GRANTS
05 00	<b>The Chamber of Control of Georgia</b>	<b>12 959.6</b>	<b>12 329.3</b>	<b>630.3</b>
	Number of Staff	400.0	400.0	
	Costs	9 084.6	8 715.7	368.9
	Salary	6 813.1	6 813.1	
	Goods and Services	1 814.0	1 814.0	
	Grants	5.0	5.0	
	Social Care	59.6	59.6	
	Other costs	392.9	24.0	368.9
	Fixed Assets	3 875.0	3 613.6	261.4
05 01	<b>The Chamber of Control of Georgia</b>	<b>12 306.7</b>	<b>12 306.7</b>	
	Number of Staff	400.0	400.0	
	Costs	8 706.7	8 706.7	
	Salary	6 813.1	6 813.1	
	Goods and Services	1 814.0	1 814.0	
	Grants	5.0	5.0	
	Social Care	59.6	59.6	
	Other costs	15.0	15.0	
	Fixed Assets	3 600.0	3 600.0	

IN THOUSANDS GEL				
ORGANIZATION CODE	N A M E	APPROVED 2009	INCLUDING BUDGETARY FUNDS	INCLUDING CREDITS AND GRANTS
05 02	Investment Projects Financed by the Foreign Fund Resources and Grants	652.9	22.6	630.3
Number of Staff				
Costs				
Other costs				
Fixed Assets				



## 2010 Audit Plans

*In correspondence with the priority spheres and organizations*

### Priority Spheres

1. Financial Management of Public Sector
2. Management of Diplomatic Representation of Georgia
3. Management of Social Programs
4. Management of Healthcare Programs
5. Management of Education Institutions and Programs
6. Management of Public Security Sphere
7. Management of Infrastructure Projects
8. Monitoring of Companies based on Share Participation of the State
9. Conditions of State Property Privatization in the Regions of Georgia
10. Public Media and Broadcasting Supported by Public Funds

### Audit Plans

*Annual/quarterly*

In compliance with the Law “On the Chamber of Control of Georgia” dates of audits commencement are determined by the Chairman of the CCG

### General Purpose Governmental Services Audit Department

#### Programs/Organizations

1. Public Sector Financial Management Support Project / Ministry of Finance of Georgia
2. Embassy of Georgia in France, Principality of Monaco, Portugal and permanent representation in UNESCO
3. Embassy of Georgia in Ukraine
4. Embassy of Georgia in Federal Republic of Germany

#### Financial Audit of 2009 Budget Implementation

1. Parliament of Georgia and institutions related to it
2. Ministry of Finance of Georgia
3. Ministry of Foreign Affairs of Georgia

### Social Sector Audit Department

#### Programs/Organizations

- 8 1. Education system transformation and growth project - APL2
- 9 2. State Support Program for social rehabilitation for disabled, elderly and children deprived of family care
- 10 3. State Program for monetization of social benefits
- 11 4. Program "Childcare"
- 12 5. Component of general outpatient service
- 13 6. State program of psychiatric service
- 14 7. State program of transplantation of organs and tissue and kidney replacement therapy
- 15 8. State program of urgent service
- 16 9. Institutional rehabilitation and equipment program of medical and ministry system
- 17 10. State program for providing medical service, organization and equipment of medical institutions for timely reaction during, natural disasters, catastrophes and extraordinary situations
- 18 11. Resource management related to migration processes
- 19 12. LEPL State Technical University of Georgia
- 20 13. LEPL I. Lomouri Land Cultivation Institute
- 21 14. LEPL Georgian State Agrarian University

#### Financial Audit of 2009 Budget Implementation

- 22 1. Ministry of Education and Science of Georgia
- 23 2. Ministry of Culture, Monuments Protection and Sport of Georgia
- 24 3. Ministry of Labour, Healthcare and Social Protection of Georgia
- 25 4. Ministry of Refugees and Accommodation of Georgia

### Defense, Public Order and Security Audit Department

#### Programs/Organizations

- 26 1. Central Office of the Ministry of Internal Affairs of Georgia
- 27 2. Special Operative Department of the Ministry of Internal Affairs of Georgia
- 28 3. Tbilisi General Office of the Ministry of Internal Affairs of Georgia
- 29 4. Patrol Police Department under the Ministry of Internal Affairs of Georgia
- 30 5. Counter-intelligence Department of the Ministry of Internal Affairs of Georgia
- 31 6. Constitutional Security Department of the Ministry of Internal Affairs of Georgia
- 32 7. Special Task Department of the Ministry of Internal Affairs of Georgia
- 33 8. Ministry of Corrections and Legal Assistance of Georgia, No.6 general, strict and prison regimen institution

- 34 9. LEPL “Civil Registry Agency”
- 35 10. General Court Department of the Supreme Council of Justice of Georgia
- 36 11. LEPL State Material Reserve Department of Georgia
- 37 12. LEPL Security Police Department
- 38 13. LEPL Service Agency of the Ministry of Internal Affairs of Georgia
- 39 14. LEPL National Execution Bureau
- 40 15. LEPL National Agency of Public Registry
- 41 16. LEPL Hydrographic Service of Georgia

#### **Financial Audit of 2009 Budget Implementation**

- 42 1. Ministry of Justice of Georgia
- 43 2. Ministry of Corrections and Legal Assistance of Georgia
- 44 3. Ministry of Defense of Georgia
- 45 4. Ministry of Internal Affairs of Georgia

#### **Economic Activities Audit Department**

##### **Programs/Organizations**

- 46 1. Measures for Improvement of Road Infrastructure
- 47 2. LEPL Public Broadcasting
- 48 3. Tourism and Resort Department
- 49 4. Registration and privatization of state property / Regional offices of the Ministry of Economic Development of Georgia
- 50 5. Companies founded by state share participation the determined capital of which exceeds 500 000 GEL and/or in the ownership of which there is more than 1 ha land plot(s) and/or which completed the year of 2008 with loss or revenue of which does not exceed 2 000 GEL
- 51 6. LEPL Vine and Wine Department “Samtresti”
- 52 7. LEPL Monitoring and Forecasting Center
- 53 8. Project for control of bird flu and preparation for the pandemic of people and reaction on it.
- 54 9. LEPL National Environmental Agency

#### **Financial Audit of 2009 Budget Implementation**

- 55 1. Ministry of Regional Development and Infrastructure of Georgia
- 56 2. Ministry of Environment Protection and Natural Resources of Georgia
- 57 3. Ministry of Agriculture of Georgia

#### **Local Self-Governing Entities Audit Department**

##### **Programs/Organizations**

- 58 1. Healthcare measures

- 59 2. Planting of greenery events
- 60 3. Roads of local significance
- 61 4. Zestaponi Municipality
- 62 5. Terjola Municipality
- 63 6. Lagodekhi Municipality
- 64 7. Khobi Municipality
- 65 8. Martvili Municipality

### Chamber of Control in the Autonomous Republic of Abkhazia

#### Programs/Organizations

- 66 1. Ministry of Finance of the Autonomous Republic of Abkhazia
- 67 2. Justice Department of the Autonomous Republic of Abkhazia
- 68 3. State University of Subtropical economy of Georgia
- 69 4. Ministry of Economy of the Autonomous Republic of Abkhazia
- 70 5. Refugee Matters Department of the Autonomous Republic of Abkhazia
- 71 6. LEPL Sokhumi State University
- 72 7. Government Office of of the Autonomous Republic of Abkhazia
- 73 8. Administrative-Economic Office of the Government of the Autonomous Republic of Abkhazia
- 74 9. Supreme Council of of the Autonomous Republic of Abkhazia
- 75 10. Abkhazian Forest Office of Agriculture, Environment and Natural Resources Department of the Autonomous Republic of Abkhazia
- 76 **Financial Audit of 2009 Budget Implementation of the Autonomous Republic of Abkhazia**
- 77 **Monitoring of progress of implementation of 2010 Budget of the Autonomous Republic of Abkhazia**

### Chamber of Control in the Autonomous Republic of Adjara

#### Programs/Organizations

- 78 1. Kobuleti Municipality
- 79 2. Treasury Department under the Ministry of Finance and Economy of the Autonomous Republic of Adjara
- 80 3. LEPL Shota Rustaveli State University
- 81 4. Batumi Electro-mechanic and Metal-construction Manufacturing Business Union, Ltd.
- 82 5. Sailors' Medical Center, Ltd.
- 83 6. Batumi Municipality: planting of greenery

- 84 7. Batumi Municipality: Roads of local significance and infrastructural activities/programs
- 85 8. JSC Transformer and electric instruments
- 86 9. Trading-manufacturing base of Batumi construction materials, Ltd.
- 87 10. Batumi Parks and squares unification
- 88 11. Kobuleti Passenger station, Ltd.
- 89 12. Kobuleti Vehicle 98, Ltd.
- 90 13. Kedi Auto-transport Company, Ltd.
- 91 14. Shuakhevi Autotechservice, Ltd.
- 92 15. Shuakhevi Auto-transport Company, Ltd.
- 93 16. Compliance with legal requirements of expenditure of 900 000 GEL granted within framework of the program aimed at the realization of export of citrus plants (“Skhalta XII”, Ltd.)
- 94 17. Compliance with legal requirements of expenditure of the subvention of 900 000 GEL granted within the framework of the program for damaged by hail and non-standard cannery processing of citrus plants (“Kartuli Produkti”, Ltd.)
- 95 18. Compliance with legal requirements of expenditure of 500 000 GEL granted from the reserve fund of the government of Georgia for the purpose of supporting the activities of harvesting citrus plants and improvement of the social conditions of the population employed in the citrus field (“Narinji”, Ltd., “Citro” Ltd.)
- 96 19. Compliance with legal requirements of expenditure of funds granted within the frames of the procurement program of small mechanization of technical means (Ministry of Agriculture of the Autonomous Republic of Adjara)
- 97 **Monitoring of 2010 Budget implementation of the Autonomous Republic of Adjara – 4 Ministries, Government Office, organizations under the Government and Supreme Council Office of the Autonomous Republic**
- 98 **Financial Audit of 2009 Budget Implementation of the Autonomous Republic of Adjara – Ministry of Finance and Economy of the Autonomous Republic of Adjara**

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- 99 1. Parliament of Georgia and organizations under it
- 100 2. Administration of the President of Georgia
- 101 3. Chancellery of the Government of Georgia
- 102 4. Central Election Commission of Georgia
- 103 5. State Attorneys – Governors Administrations
- 104 6. Office of the State Minister of Georgia for European and Euro-Atlantic Integration
- 105 7. Georgia’s State Minister’s Office in Diaspora Issues

- 106 8. Georgia's State Minister's Office in Reintegration Issues
- 107 9. Ministry of Finance of Georgia
- 108 10. Ministry of Foreign Affairs of Georgia
- 109 11. Georgia's Ombudsman's Office
- 110 12. South Ossetia Administration
- 111 13. Ministry of Education and Science of Georgia
- 112 14. Ministry of Culture, Monuments Protection and Sport of Georgia
- 113 15. Ministry of Refugees and Accommodation of Georgia
- 114 16. Ministry of Labour, Healthcare and Social Protection of Georgia
- 115 17. Georgian National Security Council Office
- 116 18. Constitutional Court of Georgia
- 117 19. Supreme Court of Georgia
- 118 20. General Courts
- 119 21. Supreme Council of Justice of Georgia
- 120 22. Ministry of justice of Georgia
- 121 23. Ministry of Corrections and Legal Assistance of Georgia
- 122 24. Ministry of Defense of Georgia
- 123 25. Ministry of Internal Affairs of Georgia
- 124 26. Foreign Intelligence Special Service of Georgian
- 125 27. Special Service of State Protection of Georgia
- 126 28. LEPL – National Bureau of Levan Samkharauli Court Expertise
- 127 29. Ministry of Economic Development of Georgia
- 128 30. Ministry of Regional Development and Infrastructure of Georgia
- 129 31. Ministry of Energy of Georgia
- 130 32. Ministry of Agriculture of Georgia
- 131 33. Ministry of Environment Protection and Natural Resources of Georgia
- 132 34. LEPL – Public Broadcasting
- 133 35. LEPL – Agency of Public Procurements
- 134 36. Georgian State Minister's Office in Regional Management Issues

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