

**LAW Of GEORGIA  
ON THE STATE AUDIT OFFICE OF GEORGIA\***

**CHAPTER 1:  
GENERAL PROVISIONS**

**ARTICLE 1. PURPOSE OF THE LAW**

1. Under the constitution of Georgia, this Law defines the status and guarantees of independence of the state Audit office of Georgia (hereinafter the SAO);
2. Authority, operation and organization of the SAO is defined solely by this Law.

**ARTICLE 2. DEFINITIONS**

for the purpose of this Law, the following terms are defined as follows:

**a. financial Audit covers:**

- a. attestation of financial accountability of accountable entities, involving examination and evaluation of financial records and expression of opinions on financial statements;
- b. attestation of financial accountability of the government administration as a whole;
- c. audit of financial systems and transactions including an evaluation of compliance with applicable statutes and regulations;
- d. audit of internal control and internal audit functions;
- e. audit of the probity and propriety of administrative decisions taken within the audited entity;
- f. reporting of any other matters arising from or relating to the audit that the SAO considers should be disclosed.

**b. compliance audit** implies examination, evaluation and reporting on the reasonability and legality of auditee activities.

**c. Performance Audit** refers to examination, evaluation and reporting on economy, efficiency and effectiveness of auditee activities and/or implemented programs and projects;

**d. Auditor** -an employee of the SAO, who carries out the audit within the rules set out by this Law;

**e. intern Auditor** – a person appointed at SAO for the intern position as a staff member, and carries out the audit within the rules set out by this Law;

**f. Auditee** is an entity, organization and/or institution, which falls under the audit authority of SAO.

**ARTICLE 3. STATUS AND INDEPENDENCE OF SAO**

1. The SAO is a supreme audit institution of Georgia.

2. SAO has full discretion in the discharge of its functions and is governed only by the law. it is prohibited to interfere with and/or control its activities, or to request reports related to its activities unless expressly set forth in the law. Any political pressure as well as any other actions that may infringe upon the SAO independence is prohibited.

3. SAO is financially, functionally and organizationally independent.

*\* chapters, articles and sections may not be numbered consistently, due to codification after amendments.*

#### **ARTICLE 4. MAIN OBJECTIVES of SAO ACTIVITIES**

the SAO is mandated to promote legal, efficient and effective spending of public funds and management of property of state, autonomous republics and local self-governing bodies, as well as to contribute to improvement of public finance management.

#### **ARTICLE 5. LEGAL BASIS AND PRINCIPLES of SAO OPERATION**

1. SAO operates under the constitution of Georgia, international treaties and agreements of Georgia, this Law, and other primary and secondary legislations.

2. SAO operates in accordance with international auditing standards of INTOSAI.

3. the following are the principles of the SAO operation:

- a. objectivity;
- b. independence;
- c. Publicity;
- d. Professionalism.

### **CHAPTER II. AREAS OF SAO ACTIVITY**

#### **ARTICLE 6. SAO AUTHORITY**

1. to accomplish its tasks defined under the constitution of Georgia, the SAO:

- a. carries out audit within its authority laid down by this Law;
- b. is authorized to provide expert services and issue opinions on the drafts of primary and secondary legislation, regulating areas of finance and economics, as well as on the programs involving funds from state, autonomous republic and local self-governing bodies, or otherwise affecting formation of such funds. it also submits its proposals to the Parliament of Georgia, other relevant bodies and institutions on adopting and improving the tax legislation, other primary and secondary legislation.

2. According to organic Law of Georgia on Political Union of citizens and Election code of Georgia, state Audit office monitors financial activities of political unions of citizens. SAO is authorized to carry out audit, sequester property of natural persons, legal entity and political union of citizens (including bank accounts), compile protocols on violation and adopt appropriate resolutions.

### **CHAPTER III. ORGANIZATION AND STRUCTURE OF SAO**

#### **ARTICLE 8. SAO SYSTEM**

1. SAO is managed by the Auditor General.

2. SAO represents a unified, centralized system, consisting of structural units including Autonomous republics of Abkhazia and Adjara offices. structure of the SAO is defined by the Auditor General.

3. there is a Presidium established at SAO, with composition and number of members defined by the Auditor General.

4. issues related to the organization and operation of the SAO is defined according to this Law and the SAO regulations.

## **ARTICLE 9. AUDITOR GENERAL**

1. Auditor General is elected by majority vote of the listed members of the Parliament with 5 year term by the nomination of the chairman of the Parliament.
2. General Auditor is not authorized to hold any other position or engage in other paid work, except pedagogic, academic and creative activities.
3. General Auditor, during his/her tenure, cannot be member of any political party or carry out other political activities.
4. independence of Auditor General is ensured by law. No one is authorized to influence his/her decision.
5. relevant state agencies ensure personal safety of Auditor General according to set regulations.

## **ARTICLE 10. AUTHORITY of the AUDITOR GENERAL**

SAO Auditor General:

- a. Guides SAO activities according to the constitution of Georgia, this Law and other primary and secondary legislation;
- b. Decides on the issues related to SAO activities;
- c. chairs SAO Presidium meetings;
- d. Appoints and dismisses SAO staff;
- e. in agreement with the relevant supreme council of the Autonomous republic, appoint Director of the SAO structural unit in the Autonomous republic;
- f. in agreement with the relevant supreme council of the Autonomous republic, appoints manager of SAO structural unit in the Autonomous republic;
- g. Defines the staff threshold number;
- h. Approves SAO staff, position titles and remuneration within SAO pre-defined payroll fund;
- i. Promotes development of uniform audit practices through the generalization of assessments of audit findings;
- j. in order to exercise her/his authorities s/he is entitled to issue orders which are mandatory to comply with.
- k. submits accounts and reports to the Parliament of Georgia as set out in the constitution of Georgia and this Law;
- l. represents SAO when interacting with international and other organizations;
- m. issues by-laws under the Law of Georgia on Normative Acts;
- n. Approves SAO rules and regulations and code of Ethics for SAO staff;
- o. forms commissions and special working groups;
- p. Determines functional responsibilities of SAO first Deputy and Deputy Auditor General, and delegates authority and responsibilities;
- q. is entitled to designate any person employed in his/her office to represent the SAO;
- r. is authorized, and when required – has an obligation, to attend sessions at the Parliament of Georgia, Parliamentary committees, factions and/or investigation or other temporary commissions. At the same time, upon his/her request, s/he is heard by the Parliament of Georgia, Parliamentary committees, factions and/or investigation or other temporary commission of the Parliament;
- s. According to the legislation of Georgia, provides members of the SAO staff with incentives, imposes disciplinary measures, grants corporate awards and certificates, gives bonuses or other valuable gifts; s/he also presents SAO staff to the President of Georgia for award;

- t. Determines amounts of bonuses and in special occasions, one-off financial assistance;
- u. Exercises authorities vested in him/her under this Law and other regulations of Georgia.

#### **ARTICLE 11. IMMUNITY of THE AUDITOR GENERAL**

1. Auditor General may not be prosecuted under criminal law, detained or arrested, his/her vehicle, work premises or personal belongings may not be searched without the consent of the Parliament of Georgia. this doesn't apply if the Auditor General is caught in the act, in case of which the Parliament is immediately notified. However, if the Parliament doesn't give its consent within 48 hours, detained or arrested Auditor General is immediately released.
2. in the event of the Parliament's consent to the detention or arrest of the Auditor General, his/her authority is suspended by consent of the Parliament prior to the court decree terminating criminal prosecution or entry of sentence into force.
3. the Auditor General may be dismissed by the Parliament's decision under Article 64 of the constitution of Georgia.
4. the following may serve as the cause for dismissal of the Auditor General before his/her term in office expires:
  - a. submission of resignation notice;
  - b. removal from office pursuant to the procedures set forth in the legislation of Georgia;
  - c. if declared incapable, disabled, missing or deceased by order of the court;
  - d. taking up position or activity incompatible with the status of Auditor General;
  - e. Loss of citizenship;
  - f. Death.

#### **ARTICLE 12. DEPUTY AUDITOR GENERAL**

1. the SAO Auditor General has Deputies, including the first Deputy, who are appointed and dismissed by the Auditor General.
2. rules of Employment incompatibility of SAO Deputy Auditor General is similar to ones defined with the rules set for the SAO Auditor General under this Law.
3. in the event of the absence or incapability of the Auditor General, his/her functions and duties are performed by the first Deputy Auditor General. in the event of the absence or incapability of the Auditor General and the first Deputy Auditor General, their functions and duties are performed by Deputy Auditor General under the instructions of the Auditor General.
4. Deputy Auditor General is authorized, and if required has an obligation, to attend sessions of the Parliament of Georgia, a Parliamentary committee and/or investigation or other temporary commissions.
5. the first Deputy Auditor General and Deputy Auditor Generals are in charge of specific directions of SAO activities and while fulfilling obligations they are accountable to the Auditor General.
6. in case of terminating office term of the Auditor General, the authority of his/her first and other Deputies is terminated upon the appointment of a new Auditor General.

#### **ARTICLE 13. SAO PRESIDIUUM**

SAO Presidium serves as an advisory body. It is authorized to review and decide administrative disputes relating to audit reports of the SAO under provisions of chapter VI of this Law.

## CHAPTER V.

### AUDIT

#### ARTICLE 17. SAO AUDIT MANDATE

1. the audit authority of the SAO, within its competence, extends to the Legislative, Executive and Judiciary branches, legal entities of public law, local self-government, National Bank of Georgia, enterprises in which the state, autonomous republics and/or local self-government hold 50 percent and more of capital shares, other legal and natural person, organizations and institutions.

2. to perform its duties and functions stipulated in the constitution of Georgia and this Law, the SAO examines:

- a. Expenditure and execution of the state budget and budgets of autonomous republics and local self-governments.
- b. reasonability and legality of receipts and expenditures of the state and autonomous republic budgets;
- c. formation and management of state debt and issuance of public loans;
- d. operation of the National Bank of Georgia as set out in the legislation of Georgia;
- e. Legality of flow of public funds of National Bank of Georgia and the credit and financial institutions registered in Georgia;
- f. financial and economic activities of the Diplomatic service of Georgia;
- g. Management and use of funds and assets of legal entities of public law. the SAO carries out examination of membership-based legal entities of public law (corporations of public law) within the limits of the use of financial resources and/or assets received from the state, autonomous republic or local self-government. Provision of this sub-section does not apply to legal entities of public law, independent regulatory agencies and legal entities envisaged by the constitutional Agreement of Georgia;
- h. Management and use of property by the state, autonomous republics and local self-government;
- i. financial and economic activity of the legal entities subject to private law, in which the autonomous republic and/or local self-government hold 50 percent or more of shares/equity, also financial and economic activity of those public enterprises, where the state owns 50 percent or more equity, unless their securities are listed on international stock Exchange. Upon request of the SAO, the entity provides information on its financial statements;
- j. those contract liabilities and loans of private law entities where the state acts as a guarantor; part of their activities related to the use of resources allocated from the state budget and public funds, and in any manner related to the use and management of the state, autonomous republics or local self-government property;
- k. fair and legal use of financial resources allocated for election purposes under the organic Law of Georgia "Election code of Georgia".

3. the SAO is independent in planning its annual audit program.

#### ARTICLE 18. AD-HOC AUDIT

Ad-hoc financial and/or compliance audit(s) are carried out upon request of the Parliament of Georgia, as well as by the decision of the SAO, on address of the Parliament's interim investigation commission, Parliamentary minority and/or faction not belonging to the Parliamentary majority.

#### ARTICLE 19. AUDIT TIMEFRAME

the General Administrative code doesn't not apply to an audit timeframe.

## **ARTICLE 20. SAO AUDIT STAFF AND THEIR RIGHTS AND RESPONSIBILITIES**

1. Auditors and auditor interns are authorized to carry out audit under this Law;
2. SAO is entitled to outsource its audit work to a private company, subject to rights and responsibilities set out in this Law.
3. in order to perform its audit functions, the SAO audit staff are entitled to:
  - a. request any necessary information and any document, regardless its form (electronic copy, etc.), request an auditee to submit documentary materials in the national official language, make copies of the originals;
  - b. Have an unimpeded access to premises of an auditee, carry out the stock-taking;
  - c. if required, seal storage spaces, file archives and cash registers, except for entities of private law.
  - d. obtain explanations on the issues to be examined.
4. in the discharge of its functions, the SAO shall be authorized to obtain personally identifiable information on individual taxpayers (confidential taxpayer information) by order of the court and pursuant to the rules set out in the tax code of Georgia, and information on state procurement pursuant to the Law of Georgia on Public Procurement.
5. Legal requirement of the SAO audit staff is mandatory for an auditee;
6. the SAO audit staff are obliged to:
  - e. comply with the constitution of Georgia, this Law and other normative acts;
  - f. inform an auditee of the type, purpose and timeframe of the audit, along with the rights and responsibilities of the parties;
  - g. comply with the confidentiality requirements of personal, public, corporate and commercial information as set forth in the legislation of Georgia;
  - h. Prevent disclosure of audit findings before issuing an audit report;
  - i. in the event of detecting signs of possible violations, attach the original documents to the audit materials, while leaving their certified copies with the auditee;
  - j. Adhere to the code of Ethics for the SAO staff;
  - k. Not interfere with the routine operation of an auditee;

## **ARTICLE 21. SPECIALISTS AND EXPERTS**

1. the SAO is entitled to contract and/or involve a specialist or an expert in the process of an audit. relationship of the SAO with the contracted specialist and expert is regulated in compliance with the legislation of Georgia. A specialist or an expert is an individual, who possesses specific expert knowledge and conducts a special research with an aim of drafting an opinion/report on essential circumstances of audit;
2. to perform the tasks under the provisions of this article, rights and responsibilities set out in Article 20 of this Law, except for the provisions of Article 20.1, 20.3.c and 20.31, applies to the specialists and experts.

## **ARTICLE 23. RIGHTS AND RESPONSIBILITIES OF AUDITEES**

1. Auditee is authorized to:
  - a. submit comments and opinions in the process of an audit as set out in the legislation of Georgia;
  - b. Appeal an audit report according to the rules set out in this Law.
2. Auditee is obliged to:
  - a. Provide the SAO staff with necessary working environment, including the office space;

- b. Provide the SAO staff with all the information considered necessary for conducting an audit; it is responsible for the authenticity, objectivity and completeness of such information;
  - c. Not to intervene with the SAO staff work performance or impede the course of the audit; support the SAO staff to minimize its interference with the day-to-day activities of the auditee in the course of its examination of documents during working hours;
  - d. Designate a contact person responsible for liaison with the SAO.
3. Auditee is obliged to submit complete information and/or documents within the timeframes and in the manner set by the SAO. If the auditee fails to provide the requested information and/or documents within the pre-defined deadline, it addresses the SAO with a request to extend the deadline for submission of information and/or documents. The SAO is entitled to extend submission timeframes on request of an auditee only once, for at least 5 and no more than 30 calendar days.

#### **ARTICLE 24. AUDIT REPORTING**

1. Audit report is drafted on results of an audit. The SAO is also entitled to develop recommendations based on audit findings. Audit report and recommendations (if issued) are submitted to the auditee and may also be provided to its superior authority or to the state, autonomous republic or local self-government body to which the auditee is accountable.
2. In the course of examination of an auditee activities, the SAO is authorized to develop recommendations based on preliminary audit findings under its authority set out in this Law and provide subjects referred in section 1 of this Article with the above recommendations. Within the framework set by this law, in the process of supervision of the auditee's activities SAO is authorized to prepare recommendations on the results of preliminary audit and provide it to the entity defined by the first section of this Article.
3. SAO is notified on the measures undertaken in follow up of the recommendations within the period of 1 month, unless other time frame has been set by the SAO.
4. SAO annually presents information about the audit results related to the spending and execution of republic budgets of autonomous republics of Adjara and Abkhazia to the supreme council of the relevant Autonomous republic.
5. The SAO is entitled to submit information related to audit results to the President of Georgia, the Parliament and the Government of Georgia, also initiate the consideration of the audit results at the relevant Parliamentary committee and implement other relevant measures in order to prevent violations.

#### **ARTICLE 24<sup>1</sup>. SAO RELATIONSHIP WITH THE LAW ENFORCEMENT AGENCIES**

1. Materials containing indications of violations are immediately forwarded to the law enforcement agencies. The latter only receives the materials (or part thereof) directly containing information on signs of violations. The law enforcement agency should notify the SAO about the decisions and actions taken on the basis of provided information.
2. The SAO is entitled to involve its auditor as an expert in the investigation on the basis of the request by the agency conducting criminal case investigation.

#### **ARTICLE 25. RELEASING RESULTS of SAO'S WORK**

The SAO is entitled to publish its audit reports and other information related to its activities. It must not make the legally protected secret information related to the auditee public, except in the cases foreseen by the Georgian legislation.

## **ARTICLE 26. INTERNATIONAL STANDARDS of AUDIT**

1. in the discharge of its functions, the SAO relies on the international standards of public sector auditing declared by international organizations of supreme Audit institutions.
2. related to the Audit procedures, the SAO develops and approves audit manuals, methodologies and guidelines.

## **CHAPTER VI. ADMINISTRATIVE RESPONSIBILITY**

### **ARTICLE 26<sup>1</sup>. RESPONSIBILITY FOR FAILURE TO COMPLY WITH LEGAL REQUIREMENTS of SAO**

Avoiding to provide information/documentation necessary for SAO, provision of false information, interfering in or otherwise impeding SAO's activities makes the responsible person liable to a fine in amount of 1000 GEL.

### **ARTICLE 26<sup>2</sup>. LITIGATION**

1. Protocol on an administrative offence under this chapter shall be drafted by an authorized person designated by applicable by-law issued by the SAO Auditor General
2. Administrative violations under this chapter are heard by the District (city) court. Under the court ruling on levying a penalty the offender is also required to honor the obligation for which the administrative sanction has been imposed. Appeal does not suspend the enforcement of the court ruling in relation of the execution of the obligation, for which the administrative sanction has been imposed.
3. Litigation for the administrative violations envisaged in the present chapter shall be carried out in line with the Administrative Violations code of Georgia.

## **CHAPTER VI. APPEAL ON SAO AUDIT REPORT**

### **ARTICLE 27. APPEAL ON SAO AUDIT REPORT**

1. Auditees considered as administrative bodies under the General Administrative code of Georgia are entitled to appeal the SAO audit report within 20 days from its release solely at the SAO;
2. Auditees other than the ones mentioned in section 1 of this article, are entitled to appeal the SAO audit report within 20 days from its release directly at the SAO and at the court of law under the rules defined by the law;
3. Appeal filed beyond the deadline defined under the present article shall not be considered under the rules defined in the law;
4. General Administrative code of Georgia governs the litigation related to the administrative complaint at the SAO by considering the features of the present law.

### **ARTICLE 29. RULES FOR CONSIDERATION OF APPEALS**

1. SAO Presidium considers the administrative appeal application within 20 days from its submission. in relation to the complexity of the issue the referred deadline may be extended by the Presidium only once for maximum of 20 days;



2. other issues related to the administrative appeal application are defined by the regulation of SAO.

**CHAPTER VII.**  
**SAO RELATIONS WITH THE PARLIAMENT OF GEORGIA**  
**INTERNATIONAL RELATIONS**

**ARTICLE 31. REPORTS, ACCOUNTS, AND INFORMATION**

1. SAO submits its reports on the state Budget Execution Accounts of the Government of Georgia to the Parliament of Georgia within 1 month from the Government report to Parliament.
2. in relation to the Governments report on the execution of budget for the current year SAO tables its report to the Parliament at least 2 days prior to the summary meeting of the finance and Budget committee. Along the report SAO presents to the Parliament an opinion on the reasonableness and legality of revenues and expenditures defined by the draft budget law.
3. SAO submits its Annual Performance report to the Parliament of Georgia. it is submitted no later than by June 1st of the following year. the Annual Performance report should be published and made publicly available;
4. reports submitted by the SAO to the Parliament of Georgia should be published in the official Journal of the Parliament of Georgia;
5. once in 2 years SAO submits report to the Parliament of Georgia about the conducted audits on the Local Government Budget spending and Execution.

**ARTICLE 31<sup>1</sup>. SAO INTERNATIONAL RELATIONS**

SAO is entitled to enter into the agreements regarding cooperation with supreme Audit institutions (SAI), control and other relevant bodies of foreign countries, as well as with international organizations.

**CHAPTER VIII**  
**LEGAL BASIS FOR CORPORATE RELATIONS AT SAO**  
**SOCIAL SECURITY GUARANTEES**

**ARTICLE 32. LEGAL BASIS FOR CORPORATE RELATIONS**

SAO staff are subjected to the Law of Georgia About civil service, except the cases when the issues of corporate relations, such as recruitment and dismissal, authority, internship, professional appraisal, incentives and disciplinary responsibilities, with all the applicable rules and grounds are regulated under the present law and by-laws issued by the SAO Auditor General.

**ARTICLE 32<sup>1</sup>. CODE OF ETHICS FOR SAO EMPLOYEES**

1. code of Ethics for the SAO staff defines the applicable rules and norms for corporate conduct during carrying out duties and functions.
2. SAO staff is required to adhere to the code of Ethics for the SAO Employees.

3. Violations of the code of Ethics by the SAO Employees leads to the disciplinary responsibility of the offenders.

#### **ARTICLE 32<sup>2</sup>. REMUNERATION OF SAO EMPLOYEES**

1. remuneration of the SAO Auditor General should not be less than that of the Deputy chairman of the Parliament.
2. While deciding on the salaries of the SAO auditors, SAO Auditor General can take into the consideration the current remuneration levels at the largest audit companies of Georgia. remuneration of other SAO employees is defined under the rules stipulated in the this law.

#### **ARTICLE 33. SOCIAL SECURITY**

1. Auditors are subject to a mandatory insurance from the state budget. Damage, incurred to an auditor in performing his/her professional duties shall be compensated in full from the state budget under the rules stipulated by the law.
2. Auditors are entitled to claim the compensation indicated in the first section of the present article within 1 year from the moment of such damage.
3. if SAO Auditor General or a Deputy Auditor General passes away while serving their tenure in the office, their family will receive a one off financial support in the amount of 10 000 GEL. Burial expenses are covered by the state.
4. if SAO Auditor General or a Deputy Auditor General are deemed completely or partially incapacitated in the circumstances of the section 3 of the present article, they will receive one off financial support in the amount of 7 000 GEL.
5. if SAO Auditor General or Deputy Auditor General passes away while serving their tenure in the office, their family should be assigned a state compensation under the rules and amount stipulated in the Law of Georgia on state compensation and Academic Bursaries of the state.

### **CHAPTER IX. FUNDING AND PROPERTY**

#### **ARTICLE 34. SAO FUNDING**

1. SAO is financed from the state budget of Georgia. SAO budget expenditures by economic classifiers and funds earmarked within individual line items may not be less than the applicable amounts of the preceding year. SAO budget cannot be less within the amount defined in the economic classification of expenditures compared to the previous year.
2. reduction of total allocations approved for the SAO in the Budget Law of the current year, as well as the reduction of the funding envisaged in the previous section of the present article in compared to the preceding year is permitted only with the consent of the SAO.
3. SAO budget for the upcoming year is submitted to the Government of Georgia by the Parliament. rules of the SAO budget formation are defined by the regulations of the Parliament of Georgia.

**ARTICLE 35. Verification of procedures of financial - economic, legal and organizational activities, audit quality control and internal audit of the SAO (21.12.2012 N 132)**

Commission created by the decision of the Parliament of Georgia verifies financial - economic, legal and organizational activities, audit quality control and internal audit procedures of the SAO.

### **ARTICLE 36. SAO PROPERTY**

Executive branch of the government of Georgia is obliged to provide the SAO with the required buildings and other public property, which is essential for the proper execution of functions mandated to the SAO.

## **CHAPTER IX<sup>1</sup> PUBLIC AUDIT INSTITUTE**

### **ARTICLE 36<sup>1</sup>. PUBLIC AUDIT INSTITUTE**

1. Public Audit institute (hereinafter the PAI) is the legal entity of public law established by the present law, which independently carries out the rights and responsibilities stipulated in the legislation of Georgia and the PAI charter.
2. PAI functions are: training in public sector audit, certification of public sector auditors (hereinafter the certification) and delivery of continuing mandatory educational programs, provision of research/analytical, expert, consultancy and audit services to public sector.
3. PAI Head is appointed and dismissed by the SAO Auditor General.
4. PAI charter is approved by the SAO Auditor General.
5. PAI is funded under the rules stipulated in the Law of Georgia on Legal Entities of Public Law, inter alia from the SAO subsidies.
6. PAI service fee, payment methods, along with the applicable terms and conditions are defined by the PAI.
7. Procurement of PAI services is not subject to the requirements of the Law of Georgia on Public Procurement.
8. PAI resources and revenues are used for the carrying out of the PAI functions and for the development of the SAO system.
9. SAO carries out the state control over the PAI operation.

### **ARTICLE 36<sup>2</sup>. QUALITY CONTROL AND ASSURANCE AT PAI**

1. PAI is responsible for the development and application of the relevant policy and procedures for the quality control of audit services.
2. SAO ensures the PAI audit service quality.

### **ARTICLE 36<sup>3</sup>. PAI AND SAO COOPERATION**

1. SAO is authorized to consider the audit opinions issued by the PAI.
2. SAO is exempt from any fees for using PAI services.

### **ARTICLE 36<sup>4</sup>. CERTIFICATION**

1. certification implies the qualification training course and professional knowledge assessment in the field of public audit.
2. only the duly certified auditor under this Law has the right to render the audit services in the public sector.

3. for the purposes of section 2 of the present article "Public sector" considers auditees defined in this law.
4. certificates are valid for a period of 5 years.
5. terms and conditions of certification are defined in the by-laws issued by the SAO Auditor General.

## **CHAPTER X TRANSITIONAL AND CONCLUDING PROVISIONS**

### **ARTICLE 37. TRANSITIONAL PROVISIONS**

1. SAO ensures the development of relevant methodology and legal framework to audit other public agencies of financial control by January 1, 2013.
2. Prior to the enforcement of article 2(h) of this law and within the scope of the compliance audit, the SAO is authorized to examine and analyze the economy and efficiency of spending, use, management and protection of public funds, other state material assets, public property and intangible assets by the auditee.
3. SAO shall make the applicable amendments to relevant secondary legislative acts within 1 month from the enforcement of this law.
4. Prior to the adoption of the SAO regulation in line with this law, all the issues related to audit will be defined in the uniform SAO regulation approved by order N275orG on Adoption of Uniform regulation of SAO issued by the SAO Auditor General on June 20, 2007 considering the specifications of this law.
5. code of Ethics for the SAO staff as defined in Article 22 of this law is to be adopted by October 1, 2009.

### **ARTICLE 38. CONCLUDING PROVISIONS**

1. this law, apart from Article 26.1 and chapter VI is enforced on 15th day from its publication.
2. Article 26.1 of this law will come into force starting October 1, 2009.
3. chapter VI of this law will come into force starting March 1, 2009.
4. conducting Performance Audits, as envisaged under Article 2(h) of this law, shall start on January 1, 2012.
5. Law of Georgia on SAO adopted by the Parliament of Georgia on 15th April 1997 (official Gazette, N17-18; May 9th 1997; 46pp) shall be deemed as void upon the enforcement of this law.

President of Georgia

Mikheil Saakashvili

N880-rs tbilisi

26th December 2008