



# Management Letter



## State Audit Office

### Management Letter

Managment of the Ministry of Education, Science and Youth of Georgia

Audit of the consolidated financial statements of  
the Ministry of Education, Science and Youth of  
Georgia for the reporting period ending on  
December 31, 2023

Deputy Minister of Ministry of Education,  
Science and Youth of Georgia  
Mr. Giorgi Jintcharadze

Dear Mr. Giorgi,

Following the audit of the Consolidated Financial Statement of the Ministry of Education, Science and Youth of Georgia for the accounting year of 2023 as you are aware, the State Audit Office had issued qualified opinion.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAI).

In response to the findings identified as a result of the audit, we are hereby presenting our recommendations and other information important to the management.

The results of the response to the recommendations issued as a result of the current audit and audits of the previous period are reflected in the Audit Recommendation Implementation System of the State Audit Office - ARIS ([www.aris.sao.ge](http://www.aris.sao.ge)).

Sincerely,

**Zaza Shekiladze**

Deputy Auditor General

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## Terms and Abbreviations

**Accounting Instruction** – Instruction approved by the Order N108 of the Minister of Finance of Georgia, dated May 5, 2020, on “The Approval of the Instruction on Financial Accounting and Reporting Based on International Public Sector Accounting Standards (IPSAS) for Budgetary Organizations.”

**Gori University** – LEPL (Legal Entity under Public Law) – Gori State University

**TSU** – LEPL – Ivane Javakhishvili Tbilisi State University

**Ministry** – Ministry of Education, Science and Youth of Georgia

**Agency** – LEPL – Educational and Scientific Infrastructure Development Agency

**IPSAS** – International Public Sector Accounting Standards

**Sokhumi University** – LEPL – Sokhumi State University

**Technical University** – LEPL – Georgian Technical University

**Skills Agency** – LEPL – Professional Skills Agency

**Fund** – LEPL – Shota Rustaveli National Science Foundation of Georgia

1. Recommendations

1.1 Financial Reporting

Audit finding	<p>Both <b>TSU</b> and <b>Gori University</b> utilize MS Excel<sup>1</sup> for maintaining accounting records. This increases the risk of errors caused by human factors, as well as risks related to data security and retention. Moreover, processing the existing files requires significant time and human resources.</p> <p>The following amounts are reported in the 2023 financial statements of <b>TSU</b> and <b>Gori University</b>:</p> <p><b>Table №1. Amounts Reported in the Financial Statements</b></p> <table><tr><th colspan="3">Final Balances and Total Turnover for the Reporting Period</th></tr><tr><th>Category</th><th>TSU</th><th>Gori State University</th></tr><tr><td>Assets</td><td>437,982,487</td><td>10,703,094</td></tr><tr><td>Liabilities</td><td>24,066,795</td><td>338,726</td></tr><tr><td>Equity</td><td>413,915,692</td><td>10,364,368</td></tr><tr><td>Revenues</td><td>269,234,035</td><td>5,840,945</td></tr><tr><td>Expenses</td><td>106,146,757</td><td>5,923,524</td></tr></table>	Final Balances and Total Turnover for the Reporting Period			Category	TSU	Gori State University	Assets	437,982,487	10,703,094	Liabilities	24,066,795	338,726	Equity	413,915,692	10,364,368	Revenues	269,234,035	5,840,945	Expenses	106,146,757	5,923,524
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Expenses	106,146,757	5,923,524																				
Couse	Inadequate accounting practices, control deficiencies.																					
Impact	As a result, we were unable to obtain assurance regarding the existence, occurrence, completeness, and accuracy of the amounts reported in the financial statements of TSU and Gori University as of December 31, 2023.																					
Recommendation	A recommendation on this issue was provided during the audit of the Ministry's 2022 consolidated financial statements. The implementation status of this recommendation is: Partially Implemented (refer to Chapter 3). Status of implementation of recommendations issued in prior period: Recommendation №1 and №3.																					
Components recommended for implementation	TSU and Gori University.																					

1.2 Intra-Group Transactions

<b>Audit finding</b>	<p>In consolidated financial statements, intra-group revenues and expenses related to transactions between units within the economic entity should be eliminated.<sup>2</sup> However, the following transactions resulting from funds transferred prior to 2023 were not eliminated:</p> <ul style="list-style-type: none"><li>• Transactions between <b>the Agency</b> and organizations under the Ministry's control, totaling 7,873,112 GEL;</li><li>• Transactions between <b>the Fund</b> and organizations under the Ministry's control, totaling 9,036,031 GEL;</li><li>• Transactions between <b>the Skills Agency</b> and organizations under the Ministry's control, totaling 2,544,071 GEL.</li></ul>
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<sup>1</sup> In 2023, the LEPL – Ivane Javakhishvili Tbilisi State University purchased the "Oris" software product license under Contract N760/06. Additionally, Gori University purchased software under Contract N124 in June 2024.

<sup>2</sup> IPSAS 35, Article 40.

Additionally, from the amounts eliminated by the Ministry, 150,190,072 GEL resulted from non-monetary transactions. Based on the provided information, the data regarding assets issued and received does not match. According to the Ministry, the smallest amount was eliminated. Due to classification differences during the accounting of asset recipients and issuers, and the complexities of elimination, the classification of the following items in the consolidated financial statements has been changed: "Inventories" are understated by 20,541,352 GEL; "Fixed Assets" are understated by 75,613,881 GEL; "Other Long-Term Non-Financial Assets" are overstated by 96,155,233 GEL. This information is also reflected in the Ministry's disclosure notes.

Despite these shortcomings, it is important to recognize significant steps taken by the Ministry<sup>3</sup> in 2023 to identify eliminated amounts for the improvement of financial accounting. Subsequently, substantial parts of monetary and non-monetary transactions, totaling 1,403,471,332 GEL have been eliminated.

**Cause**

Control deficiency.

**Impact**

As a result, expenses and revenues in the consolidated financial statements submitted as of December 31, 2023, were overstated by 19,453,214 GEL.

**Recommendation**

A recommendation on this issue was provided during the audit of the Ministry's 2022 consolidated financial statements. The implementation status of this recommendation is: Partially Implemented (refer to Chapter 3). Status of implementation of recommendations issued in prior period: Recommendation №4.

**Component recommended for implementation**

The Administrative Unit of the Ministry of Education, Science and Youth of Georgia.

### 1.3 Receivables, Liabilities, Expenses, and Revenues from Tuition Fees

**Audit finding**

Universities apply varying accounting policies for recording tuition fee operations.

The following shortcomings were identified in tuition fee accounting:

- **Technical University:** The 2023 financial statements reflect revenues from tuition fees totaling 39,380,592 GEL, receivables of 8,716,060 GEL, and liabilities of 2,649,557 GEL. The university recognized 2,471,330 GEL as expenses of doubtful (bad) debts/impairment/write-downs under the government ordinance.<sup>4</sup> It is worth noting that the university undertook significant efforts in 2023 to account for funds generated from tuition fees, but the process remains incomplete. Obligations from prior years, amounting to 2,569,936 GEL, remain unchanged, and the corresponding list of individuals is not provided. A list of receivables from tuition fees as of December 31, 2022, was submitted, totaling 3,662,078 GEL. According to the university's report, the receivable balance as of December 31, 2023, was 11,187,390 GEL, of which 1,930,065 GEL was recorded in the accounting system. This required an adjustment of the opening balance by 9,257,325 GEL. However, detailed information (i.e., the list of specific individuals) for opening balances or accrued revenue for the reporting period has not been submitted. Additionally,

<sup>3</sup> According to the accounting policy approved by Order N1 23 0001780988 of the Ministry on December 29, 2023, annex forms have been created, which address the issues of the elimination of receivables/payables, revenues, and expenses.

<sup>4</sup> Ordinance N378 of the Government of Georgia: "On Measures to Support the Education of Status-Suspended Students with Financial Liabilities in Higher Educational Institutions of Georgia."

the university had not completed procedures for writing off debts, as per the government ordinance, and verifying the accuracy of recorded obligations.

- **Sokhumi University:** The 2023 financial statements reflect receivables from tuition fees totaling 853,073 GEL, revenues of 5,516,994 GEL, and no recorded liabilities. According to the university, tuition fees are accrued based on information provided by the student registration department, which records tuition fees for the period from September 1 of the previous year to September 1 of the current year. Due to the inability to extract precise and complete data from the student database for past dates, it was not possible to calculate or reconcile revenues, receivables, and liabilities accurately. Additionally, according to the information provided, 556,898 GEL was written off in 2023 under a government ordinance,<sup>5</sup> however, this amount has not been reflected in the financial statements.
- **Gori University:** The 2023 financial statements show receivables from tuition fees totaling 711,632 GEL, liabilities of 67,213 GEL, revenues of 4,531,228 GEL, and doubtful (bad) debts/impairment/write-downs amounting to 218,529 GEL. Cases were identified where the university's opening balances were incorrect. According to the university, the written-off and outstanding balances contain inaccuracies, which are being processed and corrected during the current period.
- **Shota Meskhia Zugdidi State University:** The 2023 financial statements reflect receivables from tuition fees totaling 534,457 GEL. The university has been performing offsetting of receivables and liabilities, which does not comply with the requirements of the standard.<sup>6</sup>

#### Cause

Inadequate, Inconsistent Accounting Practices, Control Weaknesses.

#### Impact

As a result, we could not obtain assurance regarding the existence, occurrence, completeness, or accuracy of the final balances of revenues, expenses, liabilities, and receivables from tuition fees as presented in the consolidated financial statements as of December 31, 2023.

#### Recommendation

A recommendation on this issue was provided during the audit of the Ministry's 2022 consolidated financial statements. The implementation status of this recommendation is: Ongoing (refer to Chapter 3). Status of implementation of recommendations issued in prior period: Recommendation №6.

#### Component recommended for implementation

The Administrative Unit of the Ministry of Education, Science and Youth of Georgia.

### 1.4 Property, Plant, and Equipment and Other Long-Term Non-Financial Assets

#### Audit finding

**The Technical University** did not complete the year-end registry count process required by the Law in 2023. Furthermore, according to the minutes of the registry count commission for buildings and constructions, certain existing buildings are not reflected in the extracts of the public registry. The registry count process for reference accounts

<sup>5</sup> Ordinance N378 of the Government of Georgia: "On Measures to Support the Education of Status-Suspended Students with Financial Liabilities in Higher Educational Institutions of Georgia."

<sup>6</sup> IPSAS 1, Article 48.

remains incomplete, meaning that assets identified during the 2022 registry count as needing to be written off were not fully recorded.

**The Ministry's** consolidated financial statements include the balances of assets from vocational schools, colleges, scientific centers, and institutes that were liquidated in previous years. These total 513,224 GEL.<sup>7</sup> To assess whether these recorded balances meet the recognition criteria for assets and to implement further measures,<sup>8</sup> the Ministry has created a working group. Based on the materials obtained, results are periodically reflected in the financial statements.

**For the Agency** the Construction and Rehabilitation of Educational Facilities has been accounted for, with a balance of 5,823,439 GEL unchanged between 2022 and 2023, representing completed construction work that has not yet been transferred to educational institutions<sup>9</sup> additionally assets valued at 3,421,513 GEL were not accepted by the educational institutions,<sup>10</sup> as of December 31, 2023, resulting in delays in the transfer process. According to the accounting instructions outlined in the standard,<sup>11</sup> organizations are required to assess the presence of impairment indicators. However, in 2023, the organization did not review the existence of such indicators.

<b>Cause</b>	Incomplete Year-end Registry Count Processes; Inadequate Asset Control.
<b>Impact</b>	Inaccuracies were identified in the „property, plant, and equipment“, and „other long-term non-financial assets“.
<b>Recommendation</b>	A recommendation on this issue was provided during the audit of the Ministry's 2022 consolidated financial statements. The implementation status of this recommendation is: Partially Implemented (refer to Chapter 3). Status of implementation of recommendations issued in prior period: Recommendation №7.
<b>Components recommended for implementation</b>	Technical University, the Agency and the Administrative Unit of the Ministry of Education, Science and Youth of Georgia.

## 1.5 Intangible Assets

<b>Audit finding</b>	An intangible asset is an identifiable, non-monetary asset without physical substance. <sup>12</sup> Entities shall assess whether the useful life of an intangible asset is finite or indefinite. <sup>13</sup> Intangible assets with an indefinite useful life shall not be amortized; <sup>14</sup> however, as per the requirements of the standard, for an intangible asset assessed as having an indefinite useful life, the entity shall disclose the carrying amount of that asset and the reasons
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<sup>7</sup> Short-term – 35,909 GEL, and long-term – 477,315 GEL.

<sup>8</sup> Write-offs, adjustments, etc.s

<sup>9</sup> Out of which, the agency is unable to decode non-financial assets amounting to 1,520,048 GEL.

<sup>10</sup> According to the explanation provided by the Internal Audit and Monitoring Service, communication was carried out by them with the Ministry and the management of the aforementioned educational institutions. As a result, in six cases, an acceptance-delivery act was signed, while work is still ongoing on the remaining cases. Additionally, based on the information provided by the selected educational institutions, their refusal to accept the works is due to the inadequate execution of rehabilitation by the supplier companies.

<sup>11</sup> IPSAS 21, Article 27, and IPSAS 26, Article 25.

<sup>12</sup> IPSAS 31, Article 16.

<sup>13</sup> IPSAS 31, Article 87.

<sup>14</sup> IPSAS 31, Article 106.



supporting this assessment.<sup>15</sup> Additionally, it is mandatory to conduct annual impairment testing,<sup>16</sup> and the useful life of intangible asset with an indefinite lifespan should be reassessed each reporting period to determine whether events and conditions continue to support the assessment of an indefinite useful life.<sup>17</sup>

As of December 31, 2023, the agency recorded intangible assets amounting to 881,627 GEL, acquired between 2010 and 2017. These include project-related, cost-estimation, geological, and geodetic survey documentation. Out of this total, for intangible assets worth 654,600 GEL, the organization has not accrued amortization or evaluated whether they meet the classification criteria for intangible assets. According to the organization, construction work under the recorded projects has been completed, and the transfer of the remaining balances is underway. The remaining 227,027 GEL worth of intangible assets has been identified as missing during the year-end registry count process.

<b>Cause</b>	Control weaknesses, Inadequate Accounting Practices, and Non-Compliance with Standard Requirements.
<b>Impact</b>	As a result, we could not obtain sufficient assurance about the existence, rights and obligations, accuracy, and classification of the GEL 881,627 balance of intangible assets reported in the consolidated financial statements as of December 31, 2023.
<b>Recommendation</b>	A recommendation on this issue was provided during the audit of the Ministry's 2022 consolidated financial statements. The implementation status of this recommendation is: Ongoing (refer to Chapter 3). Status of implementation of recommendations issued in prior period: Recommendation №10.
<b>Component recommended for implementation</b>	The Agency.

<sup>15</sup> IPSAS 31, Article 121.

<sup>16</sup> IPSAS 31, Article 107.

<sup>17</sup> IPSAS 31, Article 108.

## 2. Adjustments associated with financial statements

### 2.1 Receivables and Liabilities

#### Audit finding

#### Technical University:

- On July 20, 2017, the university signed a tripartite subsidiary loan agreement with the Ministry of Finance and the Ministry of Education and Science for 7,000,000 euros. Per the agreement,<sup>18</sup> the Ministry of Finance will re-lend the loan allocated to Georgia under the credit agreement to the university. The university is required to make payments to an account specified<sup>19</sup> by the Ministry of Finance and fully reflect the liabilities<sup>20</sup> associated with the subsidiary loan in its financial documentation. Additionally, in accordance with government decrees №824<sup>21</sup> and №693,<sup>22</sup> the loan was deferred without penalties. The amount specified in the loan agreement is not reflected, and the final liability balance is reduced by 20,827,100 GEL.
- The university recognized annual income of 8,556 GEL from JSC Bank of Georgia instead of 236,000 GEL, increasing the final liability balance by 227,444 GEL.
- A supplier debt imposed by a court ruling is not recorded, reducing the final receivables balance by 889,875 GEL.
- A liability from property taxes (1,234,243 GEL) and receivables from profit tax (355,321 GEL) are recorded, which, according to the organization, represent prior years' accounts. These will be reviewed during the ongoing year-end registry count process. As a result, we were unable to obtain assurance regarding the accuracy and existence of the given amounts.
- Short-term (current) non-monetary receivables from non-financial asset shortages- documentation regarding the outstanding balance of 153,168 GEL recorded on account 1-15-5000 has not been provided. We were unable to obtain assurance regarding the accuracy and existence of 153,168 GEL.

#### Agency:

- A liability arising from the purchase of portable computers is not reflected. Instead of recognizing the liability, receivables were reduced, decreasing final receivables and liabilities by 6,127,192 GEL.<sup>23</sup>
- Construction work was recorded incorrectly, increasing final balances of receivables and liabilities by 3,000 GEL and 1,334,768 GEL, respectively.
- Receivables and liabilities arising from supplier construction-rehabilitation activities were misreported, increasing final balances by 363,805 GEL in receivables and 219,453 GEL in liabilities, respectively.
- Work on connecting to a distribution network was not recorded, reducing liabilities and increasing receivables by 200,000 GEL.

<sup>18</sup> Article 2 of the Agreement.

<sup>19</sup> Article 3, Clause 6 of the Agreement.

<sup>20</sup> Article 4, Clause 3(v) of the Agreement.

<sup>21</sup> May 1, 2023.

<sup>22</sup> May 20, 2024.

<sup>23</sup> Portable computers have been purchased through state procurement as part of the Human Capital Program of Georgia.

- Services rendered under the student transportation program were erroneously recorded twice, increasing the final liability balance by 514,900 GEL.
- Costs for services provided to a specific municipality under the abovementioned transportation program were incorrectly recorded, increasing the final liability balance by 232,665 GEL.
- Advance payments and contract guarantees returned before 2023 were not reduced, increasing receivables by 314,309 GEL.
- 1,152,141 GEL in advance payments to suppliers made between 2013 and 2016 is recorded, but supporting documentation for either the return of these funds or completion of services is absent.

**Component where discrepancy was found** Technical University and the Agency.

## 2.2 Property, Plant, and Equipment

### Audit finding

**The Public School N138 of Tbilisi** has retrospectively recorded the construction/rehabilitation works received from the agency as a period expense totaling 1,210,091 GEL. **Consequently, the final balance of property, plant, and equipment has been reduced.**

**The Public School N102 of Tbilisi** has similarly recorded the construction/rehabilitation works received from the agency as a period expense totaling 1,474,511 GEL. The school failed to provide information explaining why or what type of works were considered period expenses. **As a result, we could not obtain assurance regarding the completeness of the property, plant, and equipment presented in the financial statements.**

#### **The Technical University:**

- It recorded property, plant, and equipment with a historical cost of 25,242,425 GEL and a final book value of 13,401,062 GEL that have been in storage since 2018, have not been put into operation, yet continue to accrue depreciation.
- Increased the value of an asset by 3,409,446 GEL based on transfer-acceptance acts signed with the supplier organization, despite expert conclusions and court decisions showing that the actual completed work amounted to 866,801 GEL less than recorded. This has led to an overstatement of the final balance of the asset.

**Components where discrepancy were found** LEPL – Tbilisi Public School No. 138, LEPL – Tbilisi Public School No. 102, and the Technical University.

## 2.3 Other Long-Term Non-Financial Assets

### Audit finding

#### **For the Agency:**

- The final balance of "Other Long-Term Non-Financial Assets" is overstated by 1,331,768 GEL due to incorrectly recorded construction works.
- The final balance of "Other Long-Term Non-Financial Assets" is understated by 400,000 GEL due to unrecorded work for connection to the distribution network.

**Component where discrepancy was found** The Agency.

## 2.4 Revenue and Expenses

Audit finding	For the Technical University:
Component where discrepancy was found	<ul style="list-style-type: none"> <li>• Instead of recognizing 236,000 GEL in annual revenue, only 8,556 GEL was recognized. <b>As a result,, revenue from exchange transactions is understated by GEL 227,444.</b></li> <li>• As of December 31, 2023, the financial statements reflect property, plant, and equipment with a book value of 13,401,062 GEL, which has been stored since 2018 and has not yet been put into use. Despite being unutilized, depreciation has been charged on these assets, <b>resulting in an overstatement of the current period's depreciation expense by 2,294,766 GEL.</b><sup>24</sup></li> <li>• An error in retrospective adjustment of property tax has <b>reduced external transfers and other operating expenses by 318,376 GEL.</b></li> </ul>
	Technical University.

## 2.5 Financial Accounting

Audit finding	Sokhumi University:
	<ul style="list-style-type: none"> <li>• The university does not record the quantity and unit cost of received and consumed inventories. As a result, it is impossible to determine the method used for inventory accounting.<sup>25</sup></li> <li>• Amortization has not been accrued for some "intangible assets," including items like accreditation/authorization.<sup>26</sup> Additionally, the balance includes assets that are not in use. Information about impairment indicators for these assets is not reflected in the year-end registry count report either.</li> <li>• Not all items of property, plant, and equipment have been assigned unique identifying numbers. For some of them, the depreciation expense for 2023 is inaccurate. Due to past damage to the university's accounting software, it could not provide details on the accumulated depreciation calculations.</li> </ul>
	<b>LEPL "Ilia Tsinamdzgvrishvili College":</b>
	<ul style="list-style-type: none"> <li>• Incorrectly pairs corresponding accounts, which prevents the bookkeeping records from being complete.<sup>27</sup> Additionally, the college did not provide fuel usage limit orders for 2023.</li> </ul>
	<b>LEPL Community College "Aisi":</b>
	<ul style="list-style-type: none"> <li>• The method for calculating the value of inventories is unclear in certain cases. According to the auditee, inventory consumption is recorded cumulatively on December 30 and 31. However, these entries include multiple individual transactions for each account throughout the year.<sup>28</sup></li> <li>• For assets acquired in 2023, full annual depreciation has been accrued rather than prorating it monthly.<sup>29</sup></li> </ul>
	<b>College "Horizon" (Non-Entrepreneurial (Non-Commercial) Legal Entity):</b>

<sup>24</sup> Order N289 of the Minister of Finance of Georgia dated 02.12.2020, Article 4.

<sup>25</sup> IPSAS 12, Article 37.

<sup>26</sup> IPSAS 31, Article 106.

<sup>27</sup> Accounting Instruction, Article 5.

<sup>28</sup> IPSAS 12, Article 37.

<sup>29</sup> Order N289 of the Minister of Finance of Georgia dated 02.12.2020, Article 4, Clause 3.

- Accounting entries are incomplete, and in some cases, the turnover of accounts for receivables and payables is omitted.<sup>30</sup>
- Depreciation expenses contain inaccuracies. Additionally, for assets acquired in 2023, full annual depreciation has been accrued rather than prorating it monthly.<sup>31</sup>

**LEPL College "Modus":**

- No documentation or information was provided regarding the recognition operations for revenues of 136,627 GEL and expenses of 136,622 GEL.

**Components where discrepancy were found**

Sokhumi University, LEPL – Ilia Tsinamdzgvrishvili College, LEPL – Community College "Aisi", College "Horizon" (Non-Entrepreneurial (Non-Commercial) Legal Entity), and LEPL – College "Modus".

## 2.6 Disclosure Notes

**Audit finding**

**Agency:**

- The agency recorded a liability instead of an advance payment. As a result, the increase and decrease of receivables and liabilities were misclassified in the financial statement notes, totaling 6,291,890 GEL.
- The agency reported 387,363 GEL in the reference account for "fully depreciated/amortized assets in use," which has been carried historically since 2017, but it lacks information about the nature of these assets.

In **Technical University** discrepancies were found between the assets received under custodial responsibility, fully depreciated/amortized assets in use, reference account registries, and the opening balances reported in the financial statements, amounting to 314,121 GEL and 467,752 GEL. The university indicated the time constraint that prevented identifying the differences in the reference accounts.

In **Sokhumi University**, the final year-end registry count report identifies 800,933 GEL worth of off-balance-sheet assets which were not reflected in the financial statement reference accounts. Of these 147,002 GEL in assets were marked for write-off in the report.

**LEPL College "Modus"** recorded 583,064 GEL in revenue received from the agency as exchange transaction revenue instead of under the revenues from grants account.

**Components where discrepancy were found**

The Agency, Technical University, Sokhumi University, and LEPL – college "Modus".

<sup>30</sup> Accounting Instruction, Article 5.

<sup>31</sup> Order N289 of the Minister of Finance of Georgia dated 02.12.2020, Article 4, Clause 3.

### 3. Status of implementation of recommendations issued in prior period

<b>Recommendation №1</b>	The management of Sokhumi and Gori Universities should select and implement an accounting system that ensures the complete and timely recording of transactions in the accounting registers for the fair presentation of the financial statements. Furthermore, control mechanisms should be developed and implemented to ensure the reliability and completeness of the evidence supporting the transactions.
<b>Implementation Status of the Recommendation</b>	Partially Implemented.
<b>Recommendation №2</b>	The management of LEPL – Community College "Aisi" should select and implement an accounting system that ensures the complete and timely recording of transactions in the accounting registers for the fair presentation of the financial statements. Furthermore, appropriate actions should be taken in response to any discrepancies identified during the inspection/registry count process of the selected assets by the audit group.
<b>Implementation Status of the Recommendation</b>	Partially Implemented.
<b>Recommendation №3</b>	The management should select and implement an accounting system that ensures the complete and timely recording of transactions in the accounting registers for the fair presentation of the financial statements. Furthermore, control mechanisms should be developed and implemented to ensure the reliability and completeness of the evidence supporting the transactions.
<b>Implementation Status of the Recommendation</b>	Partially Implemented.
<b>Recommendation №4</b>	For the fair presentation of the financial statements, control mechanisms should be developed and implemented to ensure the comparison and elimination of intra-group transactions during the preparation of consolidated financial statements, including at the public school level. Furthermore, the Ministry should consider the consolidation of entities that do not meet the criteria for consolidation, and develop and implement appropriate mechanisms for controlling the transferred funds.
<b>Implementation Status of the Recommendation</b>	Partially Implemented.
<b>Recommendation №5</b>	For the fair presentation of the financial statements, the agency should develop a policy outlining the verifying party for expenses and implement corresponding control mechanisms to ensure the validation of the compliance and appropriateness of transferred and utilized funds.
<b>Implementation Status of the Recommendation</b>	Ongoing.
<b>Recommendation №6</b>	For the fair presentation of the financial statements, the management should select and implement an accounting policy that enables the complete, timely, and accurate recording of transactions related to student tuition fees (such as accruals, payments, etc.), as well as liabilities and revenues arising in foreign currency, in the accounting registers.
<b>Implementation Status of the Recommendation</b>	Ongoing.
<b>Recommendation №7</b>	For the fair presentation of financial statements and the improvement of the control environment, the organizations should establish year-end registry count committees within the timeframes prescribed by law, ensure the verification of actual asset balances, and reflect the results of the process in the corresponding year's financial statements.

**Implementation Status of the Recommendation** Partially Implemented.

**Recommendation №8** For the fair presentation of the financial statements, it is important to develop a policy regarding legal disputes, establish timely and formalized communication between the financial and legal departments, assess the expected outcomes of lawsuits, and accordingly reflect the receivables, liabilities, contingent assets, and contingent liabilities in the financial statements.

**Implementation Status of the Recommendation** Ongoing.

**Recommendation №9** For the fair presentation of the consolidated financial statements, it is important for the Ministry to develop and implement accounting policies and procedures that will help minimize inconsistencies arising from the use of different accounting practices.

**Implementation Status of the Recommendation** Implemented.

**Recommendation №10** For the fair presentation of financial reporting, it is essential to establish a working group that will be responsible for the year-end registry count, and assess whether these assets meet the criteria for recognition as intangible assets.

**Implementation Status of the Recommendation** Ongoing.

**Recommendation №11** The Ministry, taking into account the risks associated with the accounting and economic activities of vocational education institutions, should assess the systemic nature of the issue and, within its authority, examine the compliance of the colleges with the ordinance on the above-mentioned matters and take appropriate measures.

**Implementation Status of the Recommendation** Ongoing.

**Recommendation №12** The Legal Entity of Public Law (LEPL) – Tbilisi State Medical and Technical Universities should develop control mechanisms aimed at the rational use of budgetary funds, which will help ensure the timely detection and elimination of cases that are inconsistent with the established limits.

**Implementation Status of the Recommendation** Implemented.

**Recommendation №13** The Agency and the Technical University should ensure the purposeful expenditure of budgetary funds by providing fuel to specific individuals in a justified manner, based on particular departmental needs, and maintaining proper records in either material or electronic form, which will specify the purpose and quantity of the fuel distribution.

**Implementation Status of the Recommendation** Partially Implemented.

## Contact Information

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