

Minister of Finance of Georgia
Order № 188
8 June 2017
Tbilisi

On the approval of the Charter of the Accounting, Reporting and Auditing Board and the Appeal Review Procedure

Pursuant to Article 21 (1) and Article 27 (6) of the Law of Georgia on Accounting, Reporting and Auditing, **I order:**

Article 1 The Charter of the Accounting, Reporting and Auditing Board and the Appeal Review Procedure shall be approved.

Article 2 This order shall enter into force upon its promulgation.

Minister of Finance of Georgia

Dimitri Kumsishvili

The Charter of the Accounting, Reporting and Auditing Board and the Appeal Review Procedure

Chapter I
General Provisions

Article 1 - General Provisions

1. The Charter of the Accounting, Reporting and Auditing Board defines the powers and activities of the Accounting, Reporting and Auditing Board (hereinafter – the Board), the procedures for reviewing and resolving issues at the Board meeting, as well as the procedure for reviewing appeals and communicating with an appellant.
2. The Board is a body that is established at the Service for Accounting, Reporting and Auditing Supervision (hereinafter - the Service) - a state sub-agency of the Ministry of Finance of Georgia, which reviews and makes decisions on the issues related to accounting, reporting and auditing.
3. The activities of the Board are guided by the Constitution, international treaties and agreements of Georgia, EU Directives on accounting, reporting and auditing, the Law of Georgia on Accounting, Reporting and Auditing (hereinafter - the Law), other legislative and subordinate normative acts and this Charter.
4. The Board has its own letterhead for official correspondence/letters and administrative-legal acts, which is approved by the Minister of Finance of Georgia upon the submission by the Head of the Service. The Board has a seal that is approved by the Head of the Service.

Article 2 - Board composition

1. The Board consists of 7 members.
2. The Board has members from the Ministry of Finance (1 member), the Board of the National Bank of Georgia (1 member), the Ministry of Economy and Sustainable Development (1 member), LEPL Insurance State Supervision Service of Georgia (1 member), professional organizations (1 member), business associations (1 member) and academic circles (1 member).
3. The member of the Board from the Ministry of Finance of Georgia is at the same time the Chairman of the Board, who presides over the meetings of the Board, ensures the proper functioning of the Board within the scope of his/her competence and exercises other powers provided for in this Charter.
4. Apart from the case referred to in paragraph 2 of this Article, employees of the Service and invited persons may be included in the Board on the basis of its decision. In such a case, the persons included in the Board shall not take part in the decision-making process.
5. A member of the Board shall be a non-practitioner, competent in the fields of accounting and reporting, auditing, economics, finance, business administration or law, with at least 7 years of experience in the relevant field.
6. A membership candidate/member of the Board shall not be a person who has been convicted of terrorism financing and/or the legalization of illicit income or any other economic offence, or of a serious or particularly serious crime.
7. Members of the Board, as well as their family members shall not be entitled to hold shares or voting rights in the audit firms subject to supervision by the Service.
8. Candidacies for membership of the Board, as defined in Article 2 of this Charter, shall be submitted to the Minister of Finance of Georgia. The Minister of Finance of Georgia shall submit the candidacies to the Prime Minister of Georgia, who shall approve them within two weeks of their submission.
9. Professional organizations, business associations and academic circles referred to in paragraph 2 of this Article, shall each nominate three candidates, one of whom shall be selected by the Minister of Finance of Georgia on the basis of principles of independence and transparency.
10. The selection process for Board members shall be independent and transparent. The transparency of the selection process shall be ensured by the Ministry of Finance of Georgia through the publication of the nominations of candidates and the accessibility of the documents related to the selection of candidates.
11. The term of office for the Board members shall be 5 years.
12. The work of a member of the Board shall not be remunerated.

Article 3 - Grounds for terminating and suspending the authority of a Board Member

1. The authority of the Board member shall be terminated:
 - a) on the basis of a personal application;
 - b) by decision of the Prime Minister of Georgia;
 - c) if his/her authority in the institution/agency he/she represents is terminated;
 - d) - if a guilty verdict against him/ her for the crime referred to in Article 2 (6) entered into force;
 - e) in the event of his/her death;
 - f) on the basis of any other ground provided for in the Law.
2. The authority of the Board member may be terminated if he/she fails to attend three consecutive meetings of the Board for an unjustifiable reason;

3. The authority of a Board member shall be suspended in the event of the suspension of his/her employment or labor relations;
4. In the event of the termination of the authority of a Board member, the relevant agency/sector shall ensure nomination of a new Board membership candidate to the Minister of Finance of Georgia within a reasonable period of time.

Article 4 - Powers of the Board

1. The Board is authorized to:
 - a) review the drafts of normative acts defined by the Law, to provide for sectoral-professional evaluation and to make appropriate recommendations within 10 working days;
 - b) submit proposals to the Head of the Service on amendments to normative acts;
 - c) provide consultations to the Minister of Finance of Georgia with regard to the candidacy of the Head of the Service and submit the Board's position in the form of a recommendation;
 - d) review appeals related to decisions taken by the Service on accounting, reporting and auditing issues;
 - e) carry out other activities provided for in the Law and normative acts adopted on the basis of the Law.
2. Taking into account the main principles set out in the Law, the Board cooperates with international and local organizations in order to exercise its powers effectively.
3. The Board is entitled to establish a performance evaluation mechanism to ensure the effective fulfilment of its functions.

Article 5 - Convening Board meetings

1. In order to exercise the powers conferred on it by law, the Board meets, as and when required, as decided by the Chairman of the Board.
2. The Head of the Service is entitled to apply to the Chairman of the Board with a recommendation that a meeting of the Board be convened.
3. Apart from the case referred to in paragraph 1 of this Article, the Chairman of the Board shall convene a Board meeting if requested to do so in writing by at least two members of the Board. In such a case, the Board meeting shall be held within a reasonable period of time after receipt of the request, but not later than one month.
4. In the absence of the Chairman of the Board, the meeting of the Board may be held by decision of at least 3 members;
5. Attendance at Board meetings is mandatory. In the event of three consecutive unjustified failures to comply with this requirement, a member of the Board is entitled to propose to the Board that the term of office of the absent member be terminated prematurely.

Article 6 - Organization of Board meetings

1. Board meetings are organized by the Staff Office of the Service (hereinafter - the Staff Office).
2. The agenda and the materials relating to the items on the agenda are made available to the Board by the Staff Office in electronic and/or paper form at least 10 working days before the date of the meeting.
3. An item may be placed on the agenda by a decision of the Board at a Board meeting without complying with the procedure referred to in paragraph 2 of this Article.

Article 7 - Discussion of matters

1. Board meetings are chaired by the Chairman of the Board. In the absence of the Chairman, his/her powers are exercised by decision of the Board by one of the members, who is a representative of a public sector.
2. The Board meetings shall not be authorized if less than 4 members are present.
3. Decisions of the Board are taken by a majority of the Board members present. In the event of a tied vote, the Chairman has the casting vote, or in the absence of the Chairman, the member of the Board with the powers of the Chairman has the casting vote.
4. Each Board member shall take part in the meeting in person. Each Board member has one vote.
5. The Board member in the course of a decision-making process represents respective agency/sector and ensures that they are kept informed.
6. The Board member shall not participate in the process of review and resolution of the matter under discussion if there is a conflict of interest or any other objective circumstance relating to the matter under discussion that may affect the impartiality of the Board member.
7. A person whose case is being discussed/reviewed shall have the right to recuse the Board member if the Board member has a personal interest in the matter under discussion.
8. Board member shall inform the Board of the grounds for the recusal and request a self-recusal.
9. The question of recusal/self-recusal is considered solely by the Chairman of the Board/meeting.
10. For the purpose of exercising the powers of the Board as defined by law, the Chairman of the Board meeting is entitled to invite to a meeting an expert, a specialist, a representative of another administrative body and/or any other person with relevant qualifications/experience, in view of the importance, specificity or complexity of the matter under discussion, including matters relating to quality management.
11. The expert, specialist, representative of another administrative body and/or any other person with relevant qualifications/experience shall respect the confidentiality of the information received at the meeting. At the request of the person with an interest in the matter under consideration and by the decision of the Board, an independent expert/specialist, presented by that person may attend the meeting.

Article 8 - Exercising the powers of the Board without an oral session

1. The Board shall have the right to exercise its powers by electronic means without holding an oral session.
2. The Board shall have the right to consider the complaint/hold an oral session remotely by using appropriate technical means.

Article 9 - Minutes of the Board meeting

1. The course of the Board meeting, the matters discussed and the decisions taken are recorded in the minutes of the meeting drawn up by the Staff Office of the Service.
2. The minutes of the Board meeting are signed by the Chairman and the Secretary of the meeting.
3. The employee of the Staff Office also acts as the Secretary of the Board meeting.
4. A member who disagrees with a decision of the Board shall be entitled to express a different opinion, which shall be recorded in the minutes of the meeting.
5. Documents and materials submitted for review at the meeting are attached to the minutes of the meeting and kept together.
6. An interested party shall have the right to express his/her own opinion, get acquainted with the minutes of the meeting, to agree or, if necessary to point out the existence of incorrect or incomplete information in the minutes.
7. The minutes of the meeting shall state:
 - a) The title of the minutes;
 - b) Date of the meeting (day, month, year) and number;
 - c) Names of the Chairman, Secretary and members of the Board;
 - d) Persons invited to the meeting and stakeholders;
 - e) matters being discussed;
 - f) List of documents/materials relating to the matters discussed and submitted in the course of the case review;
 - g) Positions expressed on matters discussed;
 - h) Decisions taken.
8. The employee of the Staff Office confirms the presence of the participants at the meeting.

Chapter II

Review of Proposals for Draft Subordinate Normative Acts

Article 10 - Submission of matters for review

Draft subordinate normative acts for review at the Board meeting may be submitted by:

- a) The Service
- b) A member of the Board with a decision-making power - on behalf of the relevant agency/ sector.

Article 11 - Organizing a meeting for review of draft normative acts

1. Draft subordinate normative act submitted for a review at the Board meeting is sent to the Staff Office of the Service for preparation of the review process.
2. The Staff Office sends the draft subordinate normative act submitted by the member of the Board, together with the accompanying materials, to the relevant structural unit of the Service for obtaining relevant information. Within 10 working days of receiving the correspondence, the structural unit prepares the information and sends it to the Staff Office.

3. The Staff Office prepares a matter for review at the Board meeting, drafts the agenda for the next/closest Board meeting and agrees it with the Chairman.
4. The draft subordinate normative act for review at the Board meeting, together with the accompanying materials in an electronic and/or physical form, is submitted by the Staff Office to the members of the Board at least 10 working days before the meeting.
5. The Staff Office notifies the members of the Board of the date and venue of the Board meeting at least 10 working days before the meeting. The notification may be sent by any technical means available to the Staff Office.

Article 12 - Draft review

1. The Board reviews draft subordinate normative acts defined by the Law and provides a sectoral-professional evaluation of the matter.
2. Information on the draft subordinate normative act for review at the Board meeting, is prepared by the Staff Office of the Service and is presented at the Board meeting by a respective employee of the Service.
3. The draft subordinate normative act shall be reviewed at the Board meeting regardless of the presence at the meeting of an invited person who has submitted the draft for review.
4. The Board is authorized to suspend review of a draft subordinate normative act for a maximum of 10 calendar days in order to obtain a conclusion and/or other information from the relevant structural unit and/or other bodies/persons.
5. In the case referred to in paragraph 4 of this Article, the time limit provided for in Article 4(1)(a) is suspended before a conclusion and/or other information on the draft subordinate normative act is submitted to the meeting of the Board.

Article 13 - Taking a decision on the matter

1. On the basis of the review of the draft subordinate normative act, relevant materials and conclusions, as well as the sectoral-professional evaluation of the draft, the Board makes respective recommendation.
2. The recommendation referred to in paragraph 1 of this Article is made by the Board within 10 working days of its submission.
3. The recommendation of the Board is normally announced at the Board meeting.

Chapter III

Discussion of a Matter Relating to the Nomination of a Candidate for the Post of the Head of the Service

Article 14 - Discussion of the matter and summary decision

1. The Board is authorized to consult the Minister of Finance of Georgia on the candidature of the Head of the Service.
2. The Board's position is presented to the Minister of Finance of Georgia in the form of a written recommendation.

3. Information on the matter for discussion is prepared by the Staff Office of the Service and is presented at the Board meeting by a respective employee of the Service.
4. The position referred to in this Article is documented in the form of minutes of the meeting.
5. The position of the Board is normally announced at the Board meeting.
6. The written recommendation is issued within 3 working days of the date of the decision.
7. The recommendation issued in accordance with paragraph 6 of this Article is sent by the Staff Office to the candidates and members of the Board within 2 working days of its issue.

Article 15 - Organizing a meeting to discuss the matter relating to the nomination of the candidate for the post of the Head of the Service

1. The matter to be discussed at the Board meeting regarding the nomination of the candidate for the post of the Head of the Service is sent to the Staff Office for preparation.
2. The Staff Office of the Service prepares the matter for discussion at the Board meeting. The Staff Office drafts the agenda for the next/closest Board meeting and agrees it with the Chairman of the Board.
3. The matter for discussion at the Board meeting, together with accompanying materials in an electronic form, is submitted by the Staff Office to the members of the Board at least 10 working days before the date of the meeting.
4. In addition to that referred to in paragraph 3 of this Article, the Staff Office sends the notification of the date and venue of the meeting to the members of the Board and to the interested parties at least 10 working days before the date of the meeting. The notification may be sent by any technical means available to the Staff Office.

Chapter IV

Review of Appeals Related to Decisions Taken by the Service in the Areas of Accounting, Reporting and Auditing

Article 16 - Filing an appeal

An appeal related to decision taken by the Service in areas of accounting, reporting and auditing may be filed to the Board for review at a Board meeting.

Article 17 - Communication with appellants/their representatives

1. An appellant shall communicate with the Staff Office/Board in person and/or through a representative;
2. Participating in communications with the Staff Office/Board in person does not deprive the appellant of the right to have a representative, nor does the participation of a representative deprive the appellant of the right to participate in such communications in person.
3. An appeal shall be deemed to have been filed within the time limit prescribed by the Law even if it is filed to an unauthorized administrative body within that time limit.

Article 18 - Organizing an appeal review meeting

1. Appeals related to decisions taken by the Service in the areas of accounting, reporting and auditing, together with the accompanying materials, are given to the Staff Office of the Service for examination and preparation for review at the Board meeting.
2. The Staff Office sends the appeal, together with the accompanying materials to the Service for its conclusion/information. The Service prepares the information and sends it, together with the relevant materials (including evidence), to the Staff Office within 5 working days of the submission of the correspondence.
3. If necessary, the Staff Office is entitled to hold a preparatory meeting with the parties to clarify the circumstances of the appeal before it is reviewed at the Board meeting.
4. If a defect is found in an appeal, the Staff Office is entitled to examine the defect and give the appellant at least 7 working days to rectify it.
5. The Staff Office considers an appeal to be deficient if it does not comply with the following procedural requirements:
 - a) The subject of the appeal is not clear;
 - b) The appeal or accompanying documents are not readable;
 - c) The appeal is not signed;
 - d) The appeal and accompanying documents are not written in an official language.
6. The time limit set by the Staff Office for rectifying a deficiency may be extended by a maximum of 7 working days on the basis of a reasoned request by the appellant or his/her representatives.
7. A refusal to grant the request provided for in paragraph 6 of this Article is subject to appeal to the Board.
8. The appellant has the right to request the information and/or documents stored in the system of the Service about him/her prior to the meeting of the Board. Disclosure of information/documents to the third parties without the consent of the appellant is not permitted, unless otherwise provided by the legislation of Georgia. This restriction does not apply to the Staff Office and the members of the Board.
9. If all possible attempts to deliver correspondence to the appellant or his/her representative have failed, the Staff Office presents the matter to the Board meeting and informs the members of the Board of the impossibility of finding an appellant.
10. After gathering the information, documents, positions and conclusions referred to in this Article, the Staff Office ensures the preparation of a matter for review at the Board meeting, the drafting of the agenda for the next/closest Board meeting and agrees it with the Chairman of the Board.
11. If an appeal is deemed eligible for review at the Board meeting, it is sent by the Staff Office to the members of the Board in electronic and/or paper form, together with the accompanying materials, at least 10 working days before the Board meeting.
12. In addition to that referred to in paragraph 11 of this Article, the Staff Office sends the notification of the date and venue of the meeting to the members of the Board and to the interested parties at least 10 working days before the date of the Board meeting. The notification may be sent by any technical means available to the Staff Office.

Article 19 - Appeal review and time limit

1. The Board, as the appeals review body, ensures that appeals related to decisions taken by the Service in the areas of accounting, reporting and auditing are reviewed within 30 days.
2. A person who participated in the preparation or adoption of the administrative-legal act under

appeal shall be invited to attend the meeting at which the appeal is reviewed. In addition, a person who participated in the preparation or adoption of the administrative-legal act under appeal shall not be allowed to take part in the decision-making on the appeal.

3. The information on the appeal to be reviewed at the Board meeting is prepared by the Staff Office of the Service and presented at the Board meeting by a respective employee of the Staff Office and/or a person who participated in the preparation or adoption of an administrative-legal act under appeal.

4. An appellant has the right to attend the Board meeting in person and/or through a representative. At the Board meeting, the review of an appeal begins with a speech by the employee of the Staff Office who introduces the subject matter of the appeal to the Board members. After the subject matter of the appeal has been made known, the parties are given time to present their own arguments.

5. Board members have the right to ask questions to the parties.

6. The Chairman of the Board is entitled to exclude from the meeting any person who is in breach of the order of the meeting.

7. The inability to contact an appellant or the failure of an appellant to attend the appeal review meeting does not prevent the review process.

8. An appeal shall not be reviewed if one of the following occurs:

- a) An appellant refuses to proceed with the dispute;
- b) The subject matter of an appeal lies outside the authority of the Board;
- c) An appeal is filed in breach of the time limits laid down in the legislation;
- d) An appellant has not rectified a defect within the time limit set;
- e) There is a decision made against the appellant on the same matter taken by the same body;
- f) An appeal/request is filed by an unauthorized person;
- g) An appellant brought an action before the court on the same matter;
- h) An appellant has ceased to live;
- i) An appellant cannot be identified;
- j) The matter in dispute no longer exists.

9. The Board reviews an appeal within the scope of a claim specified in the appeal;

10. The Board is authorized to suspend the review of an appeal for no longer than 30 calendar days in order to request a position and/or other information/documents from the appellant, the relevant structural unit and/or other bodies/ persons.

11. In the case referred to in paragraph 10 of this Article, the time limit for the review of an appeal is suspended.

12. If it is not possible to review an appeal because of the large number of appeals or for other objective reasons, the Staff Office sends notification to the parties.

Article 20 - Making a Decision on an Appeal

1. The Board, after considering the appeal and accompanying materials, makes a decision.

2. The Board is entitled to:

- a) allow an appeal;
- b) allow an appeal in part;
- c) dismiss an appeal;
- d) not to review an appeal in the cases referred to in Article 19(8) of this Charter.

3. The decision of the Board is normally announced at the Board meeting.

4. In the case of a decision as referred to in paragraphs 2 (a) - (d) of this Article, in accordance with the decision made, the Board ensures the issuance of a corresponding individual administrative-legal act within 5 working days from the date of the decision.

5. The individual administrative-legal act, provided for in paragraph 4 of this Article is drafted by the Staff Office within 5 working days from the date of the decision of the Board.

6. The individual administrative-legal act issued in accordance with paragraph 4 of this Article is sent to the appellant and the Service within 2 working days of its issue.

Article 21 - Transitional provisions

Pursuant to Article 28(19) of the Law, the powers of the members of the Board defined in this Charter shall apply to the persons invited to the Board, with the exception of the right to participate in a decision-making process.