

# SUCCESS STORIES

## Georgia

### Strengthening Public Financial Internal Control

#### Context

Georgia set an ambitious plan to introduce effective internal control and a functionally independent internal audit institution in the public sector, following the commitments made under the Association Agreement with the European Union. Implementing public internal financial reform was not easy, especially in a country with post-Soviet experience and memory of internal control systems and managerial approach that considered disciplinary prosecution of employees and inspection mechanisms to be effective tools for achieving organizational goals.

There was support and faith from management but the reform process was challenging and more and more questions arose.

Until PEMPAL was able to “dispel the fog of uncertainty”.

#### PEMPAL Impact

PEMPAL Internal Audit Community of Practice (IACOP) is a partner for the sustainable development of the public internal financial control system in Georgia. Its

practical tools supported the Central Harmonization Unit to understand the importance, scope, and connection of the public internal financial control sector reform with public administration reform and public financial management reforms.

PEMPAL helps raise awareness, overcome challenges, and provides collegial and expert support. It makes the Harmonization Unit more courageous to take ambitious steps and bring it in line with global internal audit standards.

PEMPAL’s support was crucial in 2019 in implementing the first steps of external quality assessment for the internal audit unit. PEMPAL’s questionnaire for the Internal Audit External Quality Assessment served as a key guideline. More importantly, the experience gained from PEMPAL—both in methodology and expertise—was invaluable in aligning the Georgian context with PEMPAL’s framework. All external quality assessment reports acknowledge that the questionnaire was developed based on PEMPAL’s methodology.

PEMPAL webinars facilitated access to the new Global Internal Audit Standards for over 400 public sector internal auditors through. Participants had the

opportunity to ask questions and actively engage in discussions.

#### For Georgia, PEMPAL offers:

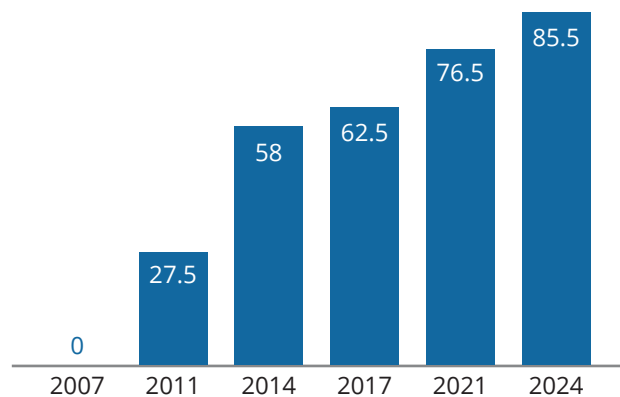
- **Access to an international network:** PEMPAL provides open access to a network of colleagues from various countries, enabling us to quickly obtain answers to pressing questions, exchange best practices, and share normative and legal documents.
- **Key guidelines and methodological documents:** Among the many valuable resources provided by PEMPAL, we would like to highlight that most frequently used product is “Digital Platform for Public Internal Control and Internal Audit Monitoring and Reporting.”
- **Sharing knowledge and best practices:** Following each PEMPAL meeting, we actively disseminate key insights across the country by publishing newsletters and updates on our website – [www.pifc.gov.ge](http://www.pifc.gov.ge).
- **Benchmarking and learning from international experience:** PEMPAL provides a unique opportunity to assess the maturity and progress of internal audit reforms across member countries.
- **Building professional networks:** PEMPAL facilitates direct connections with internal auditors from various organizations, fostering the exchange of experiences and best practices.
- **Engaging in thematic working groups and knowledge events:** Participation in PEMPAL’s thematic working groups, knowledge events, and workshops creates valuable opportunities to collaborate on projects, share expertise, and deepen our understanding of internal audit advancements.
- **Supporting public internal financial control reform development:** As we continue developing and establishing public internal financial control reforms, our involvement in these working groups is essential.

According to Public Expenditure and Financial Accountability assessments in 2013 and 2022, Georgia made notable progress in strengthening its internal audit functions and **improved Indicator PI-26 from C to A**. PEMPAL regularly surveys its members on the impact derived from taking part in its Internal Audit Community of Practice. The results, shown in the figure below, illustrate the improvements and high impact indicated by Georgia.

## Next Steps

For the Georgian Central Harmonization Unit, PEMPAL is a platform for collaboration and capacity building in the area of PIFC reform establishment that will continue to be crucial in supporting the implementation of changes necessitated by new Global Internal Audit Standards, in the direction of Digitalization, Audit Committees, Peer Reviews practice, and ESG Sustainability matters.

Figure. Georgia - High impact



Source: IACOP Impact Periodical Survey



PEMPAL – as a professional platform, makes us feel that we are not alone on the difficult path of PIFC reform. PEMPAL – is the strength and opportunity to ensure the sustainability of the internal control system with a set of practical, professional tools – in the Public Administration of Georgia

— Irma  
Gelantia-  
Akhvlediani

Ph.D., Associate  
Professor, Deputy Head,  
Public Internal Control  
Department, Central  
Harmonization Unit,  
Ministry of Finance  
of Georgia; PEMPAL  
Internal Audit COP  
Executive Committee  
member





PEMPAL SECRETARIAT

**Budget Community of Practice (BCOP)**

E: [BCOP@pempal.org](mailto:BCOP@pempal.org)

**Internal Audit Community of Practice (IACOP)**

E: [IACOP@pempal.org](mailto:IACOP@pempal.org)

**Treasury Community of Practice (TCOP)**

E: [TCOP@pempal.org](mailto:TCOP@pempal.org)

[www.pempal.org](http://www.pempal.org)

© PEMPAL Secretariat

This work is a product of PEMPAL Secretariat.

**Rights and Permissions:**

The material in this work is subject to copyright. Because PEMPAL encourages dissemination of its knowledge, this work may be reproduced, in whole or in part, for noncommercial purposes as long as full attribution to this work is given.

Any queries should be addressed to PEMPAL Secretariat.