

Non-entrepreneurial (non-commercial) legal entity - the Patriarchate of Georgia
Order of the Rector of St. Tamar King University

No. 071/01 December 5, 2018 St. Tbilisi

A(A)IP University of the Patriarchate of Georgia named after St. Tamar King
On the approval of the financial management and control system introduction and evaluation
rule

According to Article 35 of the Law of Georgia - "Civil Code of Georgia", "On the Provision of Authorization of Educational Institutions and Approval of Fees" of the Order of the Minister of Education and Science of Georgia No. 99/N of October 1, 2010, non-entrepreneurial (non-commercial) legal entity - Saint Tamar King of the Patriarchate of Georgia In accordance with Article 4, Section 3, Article 14, Section 1, Section 3, Clauses "b", "e", "f" and "l" and Section 4 of the charter of the named university, E B: 1. To approve the rule of implementation and evaluation of the financial management and control system of St. Tamar King University of the Patriarchate of Georgia in accordance with the appendix.

2. A copy of this order shall be published publicly. 3. Send this order to the structural units/staff of the university for execution within their competence. 4. I will control the execution of the order personally.

5. The order can be appealed according to the procedure established by the legislation of Georgia.

6. The order shall take effect immediately after signing.

Professor, Archimandrite Adam
(Vakhtang Akhaladze)



No. 071/01 December 5, 2018

A(A)IP University of the Patriarchate of Georgia named after St. Tamar King

The rule of implementation and evaluation of the financial management and control system

Article 1. General Provisions 1. The procedure for implementing and evaluating the financial management and control system of the University named after St. Tamar King of the Patriarchate of Georgia (hereinafter - the University) has been developed in accordance with the Law of Georgia "On State Internal Financial Control", the Resolution of the Government of Georgia of 2017. on approving the instructions on the rules and procedures for establishing the financial management and control system" and taking into account the requirements of other legal acts. 2. The rules for establishing and evaluating the financial management and control system determine the rules and procedures for implementing and evaluating the university's financial management and control system. 3. The scope of regulation of the mentioned rule includes all the measures necessary to achieve the goals of the university, including the definition of goals, development and implementation of the budget, agreements on the delegation of powers, determination of managerial accountability, internal and external reporting and monitoring. 4. The implementation of the financial management and control system is a part of the internal financial management and control of the university and its purpose is to fulfill its mission, defined goals and objectives by the university. 5. The financial management and control system includes both financial and non-financial operations and actions related to the university's activities, which ensures the achievement of the university's goals within the given budget and time, the principles of efficiency and productivity.

Article 2 The purpose of implementing the financial management and control system 1. The purpose of implementing the financial management and control system is to improve the quality of university financial management. 2. The head at all hierarchical levels of the university is responsible for implementing the appropriate mechanisms of the financial management and control system within his competence. To ensure that goals and objectives are consistent with the existing budget and that these goals are specific, measurable, achievable, realistic and time-bound. 3. The rector of the university determines the goals and performance evaluation indicators of the structural units of the university. The definition of program objectives, budget indicators and performance evaluation indicators covers a four-year period. It should be reviewed annually based on actual performance.

Article 3. Tasks of the financial management and control system 1. The tasks of the financial management and control system are: identification and detection of financial risks corresponding to the university's specificity and activity area, which may have a negative impact on the achievement of the university's educational goals. 2. Implementation of financial management and control system, improvement of financial risk management, internal control and procedures.

Article 4. The purpose of implementing the financial management and control system 1. The implementation of the financial management and control system is a constituent part of the university's internal financial control and its purpose is to effectively and productively implement the plans adopted by the university, to improve the quality of university management, including financial management. 2. The goal of implementing the financial management and control

system is to improve the quality of financial activity management of the university, in order to optimally plan the budget revenues and expenses for the given period, to smoothly implement the educational process defined by the university's mission and educational programs. 3. Control measures are established to reduce the financial risk to an optimal level, to achieve the university's goals and objectives, and are based on appropriate instructions and procedures for financial accounting, analysis and reporting. 4. Financial control refers to the improvement of financial control mechanisms in the university, including financial regulations and introduction of managerial accountability. Also, raising the quality of university budget planning and financial reporting, which will contribute to economical, effective and productive use of resources. 5. The rector of the university ensures the correct determination of the long-term goals, strategy and priorities of the university's activities. In order to achieve the set goals, the rector determines appropriate and adequate programs, and delegates the function of developing financial security measures to the financial and material resources service of the university.

Article 5. Components of financial management and control 1. Financial control of the university implies the improvement of existing financial control mechanisms, including financial regulations, and the introduction of managerial accountability. 2. The goal of the first stage of the implementation of the financial management and control system is to increase the responsibilities of the relevant managers through the delegation of authority and to involve them in the management and control of university funds, as well as to raise the financial awareness of various managers who are directly involved in the decision-making process. As a result, the quality of budget planning and financial control mechanisms will be improved, which will promote economical, efficient and productive use of resources. 3. The financial management and control system of the university does not mean only financial control. It includes all aspects of control that are necessary for the head(s) of the university to make reasonable decisions that the objectives are effectively achieved within the given time and budget, taking into account the existing legal norms, as well as in accordance with the defined performance standards. 4. The university's financial management and control system is based on internationally recognized principles of financial control and consists of the following components: a) control environment, which includes the university's organizational structure, the attitude of high-level management in relation to the university's integrity and ethical values; b) the supervisory measures (accountability system) implemented by the university's high-level management, the degree of delegation of authority, performance criteria and the entrepreneurial culture of the institution in general;

c) financial risk management – determination of the level of risk within which the risk is considered and evaluated in the process of achieving the goals of the university; d) control measures, which include financial control and monitoring measures that ensure the achievement of the main functional educational goals of the university; e) control measures also include technological control, which implies authorization (delegation), as well as confirmation/certification and other measures aimed at ensuring the legality of the use of the resources of the authority granted by the state (higher educational institution); f) The transparency of information flow is of the utmost importance in the university. There must be effective communication both top-down and bottom-up in the managerial chain; g) monitoring

and evaluation of the actual indicators of financial activity incomes and expenses, which ensures the efficiency and effectiveness of management control measures as a whole. The main element of the monitoring process is the internal audit. 5. Financial management of the university includes: a) identification of the expenditure part with certain incomes and, accordingly, spends the available resources; b) financial analysis, which includes the analysis of the financial results of the allocation of resources, which is aimed at the improvement of the educational processes of the university, the identification and analysis of alternative incomes and cheap expenses; c) strategic financial management, which derives from the seven-year strategic development plan of the university and is used during long-term budgeting.

Article 6. The procedure for establishing and developing financial control 1. The rector of the university is a governing entity that makes decisions regarding budget planning based on the main activity area of the university. 2. The rector of the university appoints and dismisses the staff of the financial and material resources service of the university, determines the distribution of responsibilities within the framework of the financial control system, where the authority and responsibility of the budget articles of the educational program, scientific and other separate research, continuing education programs and other relevant accountable personnel are determined. and reporting competence. 3. For the proper functioning of financial management and control, an appropriate accountability system is created in the university, which implies that the head of the university at all hierarchical levels is responsible for achieving the goals defined by the mission and tasks of the university within the given budget, in compliance with the existing legislation and regulations. 4. The financially responsible person is accountable to the superior manager within the limits of the responsibility and authority assigned to him. 5. Each level of financial reporting measures must be determined by the superior head, at the stage of establishing the financial management and control system, it must include at least the following information: relation to the parameters provided by the annual budget and in case of error, its reasons and their expected impact on the achievement of the planned goals will be explained/explained, as well as ways to eliminate them; b) Quarterly reporting on risk identification and management, for which each program/subprogram head is responsible.

6. The university establishes its own financial management and control system, which should be based on several important principles: a) the development of the university budget project is done in accordance with the defined policies and standards; b) The budget draft should be prepared on the basis of the submission of the heads of the educational program, the dean of the faculty(s); c) budget spending is carried out with the direct involvement of the budget administrator - financial and material resources service and relevant operational staff, in accordance with the goals and objectives of the issue and/or program; d) control of the program effectiveness and budget indicators should be carried out by the financial and material resources service, within its competence. 7. In case of possible non-fulfillment of budget indicators and program goals, the reasons should be identified and analyzed immediately. Also informing the rector of the university about the parameters, reasons and expected results of possible non-fulfillment of the budget. 8. The rector of the university defines the goals and performance evaluation indicators of the structural units of the university. The definition of

program objectives, budget indicators and performance evaluation indicators should cover a four-year period. It should be reviewed annually based on actual performance.

Article 7. Report on the implementation and development of the financial management and control system 1. The purpose of the reporting within the framework of the financial management and control system is to provide the university management with reliable and timely information on the implementation of the individual program budget and the effectiveness of the program, as well as the implementation and current state of the financial management and control system of the university. about. as well as presentation of information about the effectiveness and productivity of the implemented actions; 2. The financial report is prepared by the financial and material resources service of the university and submitted to the rector. 3. The annual report on the implementation and development of the financial management and control system should include relevant information within the framework of the implementation of the financial control stage. 4. Based on the goals of the financial management and control system, the university's reporting process is carried out at two levels: a) at the lower level - the budget administrator - the accountant of the financial and material resources service submits the report to the curator of the same service; b) At the top level - the curator of the financial and material resources service, within his competence, consolidates the reports submitted to him, which he sends to the rector of the university, who, in turn, consolidates the reports sent to him and submits them to the founder of the university for consideration and approval. A top-level report is more analytical and less detailed in its content than a bottom-level report. 5. Reporting at the university is carried out with the following periodicity: a) quarterly; b) annually. 6. The purpose of the quarterly report is to inform the rector of the university about the results of the activities provided by the educational program implemented by the university and the functioning of the financial management and control system. It is a document for internal use and includes the following information:

a) information about the planned and actual financial indicators for the effective implementation of the set program goals, which are in accordance with the university's budget strategy and policy; b) information about the current financial situation, comparison of current and planned financial indicators; c) to compare the results of the budget implementation with the program indicators as of the reporting date; d) the updated forecast of financial and performance indicators expected by the end of the year for administrative and other expenses and income; e) to substantiate the significant differences identified in financial and operational activities in relation to the budget; f) to submit a plan of corrective measures in case of deviations of the planned budget; g) information about unexpected/unplanned events that affected the performance of planned financial indicators; h) proposing new budget policies and proposals, analyzing financial indicators (if any). i) about the effectiveness of financial operational activities of the university, financial/operational accounting system, including administrative and other activity-related losses, material and immaterial assets improper use, embezzlement and embezzlement (if any); j) about the essential weaknesses of the financial control identified in the reporting period, the results caused by them and the measures taken to eliminate these weaknesses; k) about the measures implemented and to be implemented as a result of the recommendations reflected in the audit reports.

Article 11. Audit 1. Audit is one of the components of university control - monitoring and evaluation, which provides independent, objective and reasonable assurance to the management regarding the proper functioning of the financial control system. 2. Audit assessment of the university's financial and economic activities,