



ANNEX C1bis: Twinning Light Fiche ¹

Project title: Improving legislative framework and strengthening the Administrative Capacity of the Audit Authority of Montenegro

Beneficiary administration: Audit Authority of Montenegro

Twining Reference: MN 20 IPA FI 0222 TWL

Publication notice reference: EUROPEAID/175357/DD/ACT/ME

EU funded project

TWINNING TOOL

¹ For Twinning Light the project Fiche should be detailed as it will form an annex to the Twinning Light Grant Contract together with the selected Member State proposal. The Twinning Light project Fiche, besides all the data and information mentioned under section 2.1.1, provide also concrete indications on how the work plan should be established, on the suggested schedule of activities, on the profile of short-term experts and on indicators and targets that should be used to ensure the timely achievement of the mandatory results.

LIST OF ABBREVIATIONS:

AA – Audit Authority

CFCU - The Directorate for Finance and Contracting of the EU Assistance Funds

EC - European Commission

EU - European Union

ESIF – European Structural and Investment Funds

IAS – International Auditing Standard

IPA – Instrument for Pre-accession Assistance

PFM – Public Finance Management

TNA – Training Needs Analysis

1. Basic Information

1.1. Programme: Annual Action Programme for Montenegro 2020 Objective 1 (IPA/2020/042-142) - Direct management

For UK applicants: Please be aware that following the entry into force of the EU-UK Withdrawal Agreement² on 1 February 2020 and in particular Articles 127(6), 137 and 138, the references to natural or legal persons residing or established in a Member State of the European Union and to goods originating from an eligible country, as defined under Regulation (EU) No 236/2014³ and Annex IV of the ACP-EU Partnership Agreement⁴, are to be understood as including natural or legal persons residing or established in, and to goods originating from, the United Kingdom⁵. Those persons and goods are therefore eligible under this call.

1.2. Twinning Sector:

Finance, Internal market and economic criteria

1.3. EU funded budget:

200,000.00 EUR

1.4. Sustainable Development Goals (SDGs):

Sustainable Development Goal 16 – Peace, justice and strong institutions.

2. Objectives

2.1. Overall Objective(s):

The overall objective of this Twinning Light project is improving legislative framework and strengthening the administrative capacity of the Audit Authority of Montenegro.

2.2. Specific objective:

The specific objective and purpose is to ensure effective closure of programming period 2014-2020 (IPA II) and to prepare Montenegro for program management and control of projects funded within IPA III/ESIF.

² Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

³ Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.

⁴ Annex IV to the ACP-EU Partnership Agreement, as revised by Decision 1/2014 of the ACP-EU Council of Ministers (OJ L196/40, 3.7.2014).

⁵ Including the Overseas Countries and Territories having special relations with the United Kingdom, as laid down in Part Four and Annex II of the TFEU.

2.3. The elements targeted in strategic documents i.e. National Development Plan/Cooperation agreement/Association Agreement/Sector reform strategy and related Action Plans

Stabilisation and Association Agreement between the European Communities and the Republic of Montenegro - The Stabilisation and Association Process (SAP) is the European Union's policy towards the Western Balkans, established with the aim of EU membership. In the democracy and governance sector, strengthening the democratic institutions and reforming the public administration, represent key priorities for EU assistance. IPA II will support developing the capacity of Montenegro to apply the *acquis*, to increase the transparency and professionalism of the civil service. A specific focus will be the support to the reform of the public financial management system, which is an integral part of the Public Administration Reform efforts, as well as the basis for economic governance and sustainable socio-economic reforms. Furthermore, following the process of screening the national legislation in relation to the EU *acquis*, Montenegro needs to embark on an intensive process of legislative alignment and development of the administrative capacity necessary to ensure its proper implementation.

The new *EU Enlargement Strategy* emphasises the need for addressing fundamental reforms first. This will be translated into a renewed focus on democracy and governance, as well as on measures improving economic governance and competitiveness.

This Twinning Light will contribute to achieve objectives outlined in the *Revised Indicative Strategy Paper for Montenegro (2014-2020)* through activities aimed at further strengthening administrative capacity of the relevant institution for the implementation of the EU *acquis*.

Implementation of the Action would contribute to the fulfilment of obligations from *Negotiation chapter 22 Regional Policy and Coordination of Structural Instruments*. One of the benchmarks within negotiating chapter 22 (benchmark 4), which is prerequisite for provisional closing of chapter, refers to establishment of institutional framework for implementing an Operational program for Cohesion policy. It implies the establishment of bodies necessary for management of European Structural and Investment funds. One of the bodies, constituting this system, is the Audit Authority. The Audit Authority (AA) will be in charge of preparation of audit strategies for audit implementation; implementation of audit of functioning of the management and control systems; selection of samples of operations to be audited; implementation of audit on selected operations; audits of account certified by Certifying Authority; preparation of Annual audit opinion and Annual control report which contains main findings from conducted audits and other functions defined by delegated acts adopted by EC.

EC annual report on Montenegro for chapter 22 (May 2019), referring to the area of finance management, control and audit, states that the framework has been established and further efforts should be invested in sustaining program of audit and control of state Audit Authority.

The AA intends to ensure the best possible preparation for the responsibilities deriving from auditing the IPA III funds and these becoming available to Montenegro upon accession.

Implementation of activities will contribute to strengthening the capacities of Audit Authority for carrying out audit activities related to closure of IPA II programmes. Also, the implementation of activities will contribute to the audit of Instrument for Pre-accession Assistance (IPA III 2021-2027)/European Structural and Investment Funds (ESIF 2021-2027) and to fulfilment of obligations from Negotiation chapter 22. Implementation of the Twinning Light project activities will also contribute to the fulfilment of the closing benchmarks in the *Negotiation chapter 32 - Financial Control*, in which external audit is one of the most important parts.

3. Description

3.1. Background and justification:

The main beneficiary of the Action will be the Audit Authority of Montenegro. The Audit Authority of Montenegro as an independent audit body was established by the Law on Audit of EU Funds (“Official Gazette of Montenegro”, no 14/12, 54/16, 37/17 and 70/17). Audit Authority is exclusively responsible for EU funds audit (Instrument for Pre-Accession Assistance, Structural funds - after Montenegro joins the EU - and other EU funds). Its status, main powers and responsibilities are subject to the highest legislation level, i.e. the provisions of that law. The AA is a budgetary organisation functionally independent from all actors in the management and control system of EU funds in Montenegro.

Currently, the AA performs audits solely related to IPA programmes. Following Montenegro’s accession to the EU, the AA will continue to undertake its duties related to the audit of IPA programme and will also have the responsibility and obligation to audit European Structural and Investment Funds (ESIF). With a view to ensuring adequate financial management and control system for the new financial perspective (and afterwards ESIF upon accession to the EU), the AA institutional and administrative capacity needs to be further strengthened. Moreover, the new instrument IPA III and the EU membership on the horizon bring about new requirements that need to be reflected in the AA legislation. In addition, an effective and efficient audit methodology and a quality assurance system as regards audit of IPA III/ESIF, needs to be developed.

This Twinning light project is expected to provide assistance in improving the legislative framework and the existing audit methodology. A thorough analysis should precede the elaboration of proposals vis-à-vis the AA Law (i.e. Law on Audit of European Union Funds) and its bylaws by ensuring increased efficiency and, at the same time, compliance with international audit standards and EU best practice related to auditing of EU funded programmes. Through this part of activities strong emphasis will be placed on the support and strengthening the audit performance and quality assurance in all phases.

This project is also expected to further strengthen capacity of the Audit Authority staff which is crucial for effective audit activities related to the closure of programming period 2014-2020 (IPA II), as well as for auditing of IPA III/ESIF. The audit activities related to the closure of the

programme have some specifics outside regular audits performed by AA (for example, specifics related to closure of operational programmes with major projects, etc). Currently, AA of Montenegro is responsible audit authority for nine programmes for which closure activities are expected to be conducted in the period 2022 – 2025 depending on the nature of the programme and signing date of financial agreements. Most programmes have their own specifics regarding the closure. In relation to this fact, AA staff need additional trainings, experiences and knowledge in order to adequately respond to future challenges. This goal is envisaged to be achieved through extensive trainings based on practical audit assignments (e.g. on-the-job trainings, workshops, internships, study visits), the purpose of which is to obtain practical knowledge which could be effectively and efficiently applied.

Training programme will be developed based on the needs of AA in the period of implementation of project. Programme will cover specific issues related to the closure of the IPA II Programme and audit of IPA III/ESIF.

Study visits are envisaged for more experienced auditors and will be related to specific issues like on the spot audit of construction works and/or on the spot control of agriculture processing facilities.

Internships are envisaged for newcomers and less experienced staff (junior auditors). The purpose of the internship is to gain practical on-the-job experience in the EU Member State Audit Authority regarding audit of ESIF and to obtain knowledge that will be further disseminated.

The project is envisaged to assist the Audit Authority in setting up the system for audit of IPA III/ESIF through development of relevant procedures and improvement of capacities of the Audit Authority staff. Project activities would be focused on effective carrying out all necessary audit activities related to closure of programming period 2014-2020 (IPA II) and performing efficient and effective audits by AA of IPA III(2021-2027)/ESI funds.

3.2. Ongoing reforms:

Currently, Montenegro is intensively working on the preparation (i.e. this process is in the final stage) of a new Public Finance Management Reform Strategy (2022-2026) which recognises external audit, including Audit Authority, as one of the main components. This will confirm the strategic priorities of the previous PFM Reform Strategy (2016-2020). Activities presented through this project fiche will contribute to the achievement of the goals planned within PFM (2022-2026).

In September 2021, the Commission adopted a Regulation establishing the Instrument for Pre-accession Assistance (IPA III).

The Commission proposal suggests an overall budget for the programme of EUR 14.16 billion in current prices for the period 2021-2027. It was proposed that this budget would be divided according to five thematic priorities (windows), as follows:

- 1) The rule of law, fundamental rights and democracy;

- 2) Good governance, alignment with EU legislation, good neighbourly relations and strategic communication;
- 3) A green agenda and sustainable connectivity;
- 4) Competitiveness and inclusive growth;
- 5) Territorial and cross-border cooperation.

The IPA countries (beneficiaries) will not be allocated individual budgets for the entire period, but the budgets will be determined based on the actual performance of beneficiaries based on annual assessment. This approach will mean that every year, at the level of the Western Balkans and Turkey, the European Commission will select the projects that are best ranked according to the criteria of strategic importance and maturity. This means that countries with better quality projects and stronger performance-based element will be able to absorb more funds through this instrument. Also, the possibility of using additional funds for countries that will progress faster in the negotiation process has been announced.

Actions financed by EU funds under indirect management will be audited by the national audit authorities. Implementation of IPA II programmes is ongoing and is expected to continue until 2025-2026. Under IPA III, the first phase of programming of IPA 2021 and IPA 2022 is completed and the first (interim) payments under the contracts financed under those programmes are expected in 2023-2024. That implies that, over the period of 4 years (2023-2026), IPA II and IPA III will be implemented in parallel. Therefore, the AA needs to be prepared to audit at the same time the EU assistance provided under IPA II and IPA III. Furthermore, considering that the AA will take over the audit authority role for all EU funds upon membership, the AA needs to adapt its organisation and procedures and strengthen its capacities for the steep increase in complexity and volume of work.

Bearing in mind previously mentioned, we expect that support within this twinning light contract will significantly contribute to preparation of AA for the upcoming challenges.

3.3 Linked activities:

Suggested action is linked with the implementation of IPA 2014 “Support to the Public Finance Management policy” which was implemented through six separate projects. One of them, (“Development and strengthening of State Audit Institution and Audit Authority”), had the Audit Authority as one of the beneficiaries. Project ended on 19th of September 2020. The proposed action would build up on the results on the previous project.

Within the previously mentioned project, the audit methodology was improved and a quality control system introduced. We consider that both, the audit methodology and quality control system, can be further improved through this TWL project and through practical application in the process of closure IPA II programmes, as well as by carrying out audits on IPA III/ESIF. We expect further improvement of legislative framework and its alignment with IAS and EU best practices.

3.4. List of applicable *Union acquis*/standards:

The Commission set the framework for the Union's instrument for financing external action through the Instrument for Pre-accession Assistance ('IPA II') on 11 March 2014 with:

- IPA II Regulation No. 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II)
- Commission Implementing Regulation (EU) No. 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No. 231/2014.

The Framework Agreement between Montenegro and the European Commission on the arrangements for implementation of Union financial assistance to Montenegro under the Instrument for Pre-accession Assistance (IPA II) was signed on 26 February 2015 ("Official Gazette Montenegro", No. 5/2015).

The AA was established as a separate legal entity in accordance with the Law on Audit of EU Funds ("Official Gazette Montenegro", No. 14/12, 54/16, 37/17 and 70/17). The Audit Authority plans and carries out its activities in compliance with the internationally accepted auditing standards, the applicable EU regulations and European Commission Guidelines.

In September 2021, the Commission adopted a Regulation establishing the Instrument for Pre-accession Assistance (IPA III).

3.5. Components and results per component

This twinning is aimed at further development of the capacity of the Audit Authority to apply harmonized IAS and IPA III/ESI funds regulation and related legislation and procedures with the EU acquis and EU best practice as well as strengthening the capacity of Audit Authority for relevant closure activities of IPA II. For all seminars and workshops delivered the training materials should be prepared in the English language.

Component 1: Strengthening the institutional set up and improving the legal framework regulating the work of Audit Authority, thus ensuring preparedness for EU membership.

Result 1: Law amending the Law on audit of EU funds finalized for submission to the Parliament and related bylaws prepared for further adoption.

- Sub-Result 1.1. - Detailed analysis of the current legal framework regulating the work of AA conducted.
- Sub-Result 1.2. - Amendments to the Law on audit of EU funds finalized for submission to the Parliament.
- Sub-Result 1.3. - AA bylaws identified and prepared for further adoption.

Component 2: Strengthening the capacity of Audit Authority for relevant IPA II closure activities, for auditing IPA III programmes and ESI funds.

Result 2: *Appropriate procedures and working papers for performing audit activities regarding the closure of programmes within IPA II prepared, Audit Manual revised in line with requirements for the audit of IPA III / ESIF and competences of AA staff strengthened based on identified training needs.*

- Sub-Result 2.1. - Appropriate procedures and working papers regarding the closure of IPA II programmes prepared.
- Sub-Result 2.2. - Revised Audit Manual in line with requirements for the audit of IPA III/ESI funds.
- Sub-Result 2.3. - Competences of Audit Authority staff strengthened.

3.6. Expected activities:

The below activities are the minimum indicative requirements to achieve the above results. The Member State will consider these when developing its own methodology and complement them with its own and other relevant best practise experience and examples so that the above results can be sustainably achieved.

Component 1 – Result 1:

- Activity 1.1. (sub-result 1.1.)

Conducting detailed analysis of the current legal framework regulating the work of AA, which will identify all challenges and bottlenecks and propose recommendations to ensure strengthening of its function and alignment of the domestic legislation with the EU regulations and standards.

- Activity 1.2. (sub-result 1.2.)

Proposing amendments to the Law on audit of EU funds and preparation of the final draft for submission to the Parliament.

- Activity 1.3. (sub-result 1.3.)

Identifying necessary AA bylaws related to the results of activity 1.1 and 1.2.

- Activity 1.4. (sub-result 1.3.)

Developing AA bylaws for further adoption.

Component 2 – Result 2:

- Activity 2.1. (sub-result 2.1.)

Conducting analysis of EC requirements regarding the closure of programming period 2014-2020 (IPA II) and development of appropriate procedures, checklists and working papers for performing audit activities regarding the closure of IPA II programmes.

➤ Activity 2.2. (sub-result 2.2.)

Updating / further development of Audit Manual for the audit of IPA III/ESI funds.

➤ Activity 2.3. (sub-result 2.3)

Conducting training needs analysis for the Audit Authority staff and accordingly developing, organizing and conducting training programme for trainings, seminars and workshops regarding the audit activities related to the closure of programming period 2014-2020 (IPA II) and audit of IPA III/ESIF. The activity includes active support to the AA staff for an ongoing audit activities.

➤ Activity 2.4 (sub-result 2.3.)

Hand-on training by conducting 2 study visits of Audit Authority staff in the EU Member State (5 working days, 7 participants per study visit) with the focus on specific issues based on AA needs. Also, based on the training needs identified, organizing and conducting internship for several auditors employed in the AA in duration of 2 weeks in the EU Member State.

For each of the activities, Member State should present a list of deliverables in their proposal.

3.7. Means/input from the EU Member State Partner Administration*:

The implementation of the project requires one Project Leader (PL), two Component Leaders (CL) and a pool of Short-Term Experts within the limits of the contract budget. It is essential that the team has sufficiently broad expertise to cover all the areas included in the project description. The interested Member State institution shall include in its proposal the CVs of the designated Project Leader, Component Leaders and of the proposed key Short-Term Experts.

3.7.1. Profile and tasks of the PL

The Project Leader should be a senior expert and should have the following qualifications and experience:

- University degree or equivalent professional experience of 8 years;
- At least 3⁶ years of relevant professional working experience in the area of auditing;
- At least 3⁷ years of working experience as a high ranking official in an external audit body;
- At least 3⁸ years of working experience in auditing EU or IPA funds (reference list of audits performed per year and projects should be provided within the offer);
- Good knowledge in the area of international auditing standards for public sector;
- Excellent understanding of quality control and assurance in an audit body;
- Good process management skills and hands-on experiences in planning, managing and supervision of projects;
- Have the capacity to work with people from different backgrounds in a multicultural environment;
- computer-literate;

⁶ Additional years of experience will be considered as an asset.

⁷ Additional years of experience will be considered as an asset.

⁸ Additional years of experience will be considered as an asset.

- be fluent in English, both written and spoken.

PL main tasks:

- Act as a main senior expert and provides comprehensive professional advices, suggestions and recommendations to the beneficiary country, related to the raised audit issues;
- Organise, coordinate and supervise the overall preparation, implementation and reporting on the project;
- Takes part in the project activities as well as in providing targeted consultations and recommendations to the beneficiary institution;
- Organise the project interventions in a way that ensures the achieving of the mandatory results;
- Propose, liaise, assign tasks and supervise the work of the short-term experts;
- Ensure backstopping and financial management of the project in MS;
- Maintain the relationship with the beneficiary and coordinate all project interventions with the Montenegrin Project Leader;
- Maintain very close relationship with the Contracting authority and ensure regular reporting on project progress;
- Participates in Steering Committee meetings.

3.7.2. Profile and tasks of Component Leaders

3.7.2.1. Profile and tasks of Component 1 Leader

The Component 1 Leader should be a senior expert and should have the following qualifications and experience:

- University degree in law (or equivalent) or equivalent professional experience of 8 years;
- At least 3⁹ years of relevant professional working experience in the area of auditing;
- At least 3¹⁰ years of working experience in an external audit body;
- At least 3¹¹ years of working experience in law and bylaw drafting and preparation;
- Excellent understanding of international auditing standards for public sector;
- Excellent understanding of EU regulations, particularly related to the audit of public funds;
- Have the capacity to work with people from different backgrounds in a multicultural environment;
- computer-literate;
- be fluent in English, both written and spoken.

Main tasks:

- Act as a senior expert and provides comprehensive professional advices, suggestions and recommendations to the beneficiary country, related to the raised legal and audit issues;
- Propose, liaise, assign tasks and supervise the work of the short-term experts;
- Organise and implement project activities related to component 1 in efficient and effective manner;

⁹ Additional years of experience will be considered as an asset.

¹⁰ Additional years of experience will be considered as an asset.

¹¹ Additional years of experience will be considered as an asset.

- Takes over responsibility for achieving results related to component 1 in coordination with the PL and short-term experts.

3.7.2.2. *Profile and tasks of Component 2 Leader*

The Component 2 Leader should be a senior expert and should have the following qualifications and experience:

- University degree or equivalent professional experience of 8 years;
- At least 3¹² years of relevant professional working experience in the area of auditing;
- At least 3¹³ years of working experience in an external audit body
- At least 3¹⁴ years of working experience in auditing EU or IPA funds (reference list of audits performed per year and projects should be provided within the offer);
- Good knowledge in the area of international auditing standards for public sector;
- Excellent understanding of quality control and assurance in an audit body;
- Good process management skills and hands-on experiences in planning, managing and supervision of projects;
- Have the capacity to work with people from different backgrounds in a multicultural environment;
- computer-literate;
- be fluent in English, both written and spoken.

Main tasks:

- Act as a senior expert and provides comprehensive professional advices, suggestions and recommendations to the beneficiary country, related to the raised audit issues;
- Organise and implement project activities related to component 2 in efficient and effective manner;
- Takes over responsibility for achieving results related to component 2 in coordination with the PL and short-term experts;
- Propose, liaise, assign tasks and supervise the work of the short-term experts.

3.7.3. Profile and tasks of other short-term experts:

The short term experts (STEs) will cover the needs of specific expertise in the areas of audit methodology, quality control standards, financial and regularity audit. They should reply to the following general requirements:

- University degree or equivalent professional experience of 8 years;
- Extensive experience and competence in the area (at least 3 years);
- Familiar with best practices in the field;
- Expertise on knowledge transfer and communication in non-EU context;
- Fluency in English;
- Computer skills.

¹² Additional years of experience will be considered as an asset.

¹³ Additional years of experience will be considered as an asset.

¹⁴ Additional years of experience will be considered as an asset.

The interested Member State institutions will describe in their proposal to which specific tasks the Short-Term Experts will be assigned.

The AA will provide all necessary organizational support for performing their work during their missions in the country. This means the following: timely allocation of working space and facilities, appointing relevant staff to participate in training activities, organization, selection and appointment of members of working groups, steering and coordination committees, seminars, etc.

4. Budget

200,000 EUR.

5. Implementation Arrangements

5.1 Implementing Agency responsible for tendering, contracting and accounting:

DELEGATION OF THE EUROPEAN UNION TO MONTENEGRO

Contact person:

Dobromir HRISTOV

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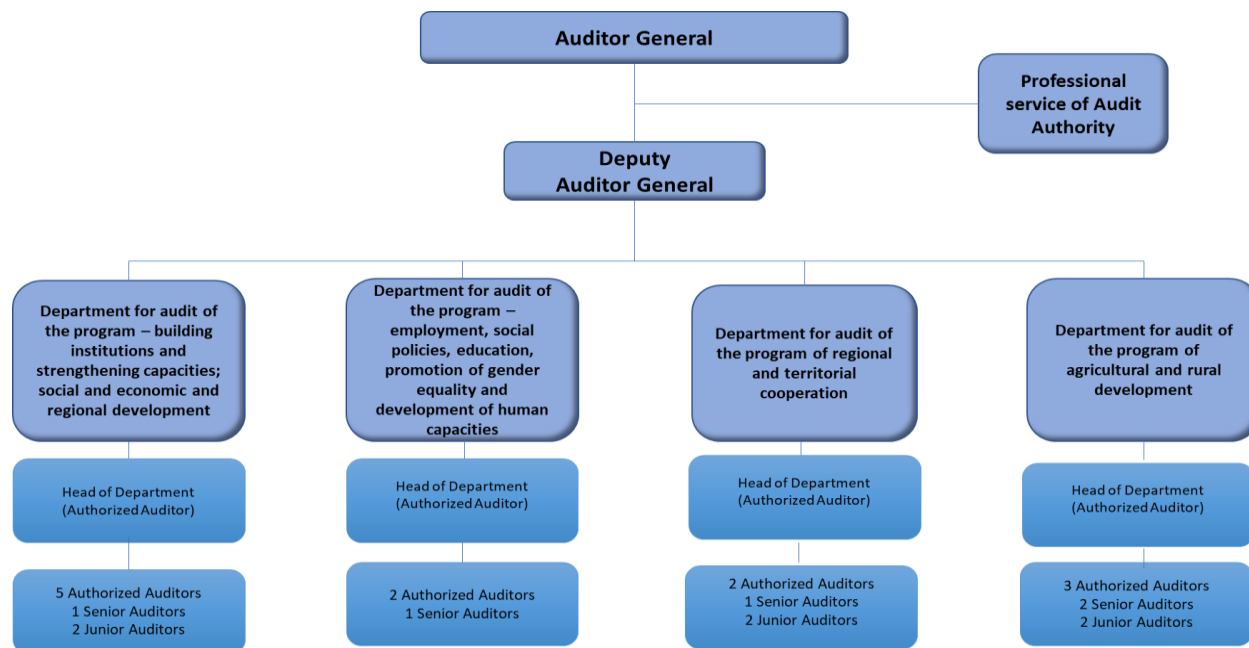
5.2. Institutional framework

The Law on audit of EU funds (“Official Gazette of Montenegro”, no. 14/12, 54/16, 37/17 and 70/17) establishes the Audit Authority as an independent audit body for conducting audit of effectiveness and stability of functioning of the EU funds management and control system. The Audit Authority is functionally and operationally independent from all the participants in the European Union funds management and control system. Pursuant to the Law, the Act on Internal Organization and Systematization of the Audit Authority, with the prior consent of the Government, was adopted, as well as the Rulebook of Work of the Audit Authority.

The AA currently has five departments out of which there are four audit departments. There are 34 systematised job positions in total, out of which 22 are filled.

In order to take over the role of audit authority for all EU funds after the accession, the AA will adapt its organization and capacities to increased complexity and volume of work, having in mind competences prescribed by the law.

Figure: AA organigram as at April 2022



5.3. Counterparts in the Beneficiary administration:

5.3.1. Contact person:

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5.3.2. PL counterpart

Minas Trubljanin

Head of Department/Authorized Auditor
 Audit Authority of Montenegro
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 81000 Podgorica, Montenegro
 Phone: +382 67 646 094
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6. Duration of the project

8 months

7. Sustainability

The achievements of this Twinning project shall become a permanent asset of the Beneficiary administration even after the end of the Twinning project implementation. This presupposes, inter alia, that effective mechanisms are put in place by the Beneficiary administration to disseminate and consolidate the results of the project.

The Beneficiary administration is fully committed to ensuring a long-term impact of the activities of this twinning project. The expected combined impact of this project will bring to: harmonization of the national legislation and procedures with the IAS, EU acquis and EU best practice related to auditing of EU funded programmes; improved audit procedures and tools as well as enhanced skills in performing audit activities related to closure of IPA II programmes; improved audit procedures, planning and reporting practices in relation with the new requirements of the IPA III/ESIF regulation; improved technical skills of the auditors in performing the audits. The project will have an impact on improvement of the audit quality which will result in better efficiency and effectiveness of the audit work. This will guarantee a sustainable impact on our final products audit reports and recommendations and on the protection of the financial interests of the EU.

A review of key issues affecting sustainability will start from the beginning of project implementation, based on the results and outcomes that should be achieved over time. The improvement of the audit process will most certainly have a positive impact on the protection of the financial interests of the EU.

Staff benefiting from trainings shall transfer knowledge through subsequent training to their colleagues. At the end of the implementation period, lessons learnt seminar will be held to disseminate the results and best practices acquired and to foresee future relevant activities.

8. Crosscutting issues (*equal opportunity, environment, climate etc...*)

The project will ensure equal participation of women and men during the its implementation. Institution benefiting from this project is an equal opportunity employer. Special attention to minorities and vulnerable groups will be an integral part of any activity. There will be regular monitoring to ensure these issues are given due prominence. The activities envisaged under the project should not negatively affect the environment. For this purpose, the production of printed material will be kept to the strictest minimum.

9. Conditionality and sequencing

Conditionality

N/A

Sequencing

N/A

10. Indicators for performance measurement

The following indicators must be met to confirm the successful achievement of the project results:

- ✓ Detailed analysis of the current legal framework regulating the work of AA conducted;
- ✓ Gap report, with the recommendations for the amendments to the Law on audit of EU funds and with identified AA bylaws, prepared;
- ✓ Amendments to the Law on Audit of EU funds finalized for submission to the Parliament;
- ✓ AA bylaws identified and prepared for further adoption;
- ✓ Analysis of the relevant EC legislation, guidelines and requirements related to the closure of the IPA II conducted;
- ✓ Appropriate procedures and working papers regarding the closure of IPA II programmes prepared and presented to the Audit Authority staff;
- ✓ Revised Audit Manual in line with requirements for the audit of IPA III/ESIF finalized and introduced to the Audit Authority staff;
- ✓ Training needs analysis for the Audit Authority staff (auditors) conducted;
- ✓ Training programme (including training curricula) for the Audit Authority developed in line with TNA and training materials for seminars and workshops prepared;
- ✓ At least 15 AA Auditors trained through practical assignments on audit of the IPA III/ESIF;
- ✓ Two study visits of Montenegrin auditors conducted (5 working days each, 7 participants per study visit);
- ✓ Internship for three auditors conducted (each auditor in duration of 10 working days).

11. Facilities available

The Beneficiary will provide the Member State experts with the necessary working premises for the implementation of the activities. The premises of the Audit Authority of Montenegro are located at Beogradska 24b, 81000 Podgorica, Montenegro. Meeting room is available on working days upon timely request.

ANNEXES TO PROJECT FICHE

1. Logical framework matrix as per Annex C1b;
2. List of relevant Laws and Regulations;
3. The Strategic Plan 2021-2025 of the Audit Authority.

Annex C1b: Simplified Logical Framework

	Description	Indicators (with relevant baseline and target data)	Sources of verification	Risks	Assumptions (external to project)
Overall Objective	<i>The overall objective of this Twinning Light project is improving legislative framework and strengthening the administrative capacity of the Audit Authority of Montenegro.</i>	<i>Improved the legal framework regulating the work of Audit Authority and strengthened the institutional set up as well administrative capacities of AA, thus ensuring fully preparedness to meet the obligations and responsibilities under IPA and later for EU membership.</i>	<ul style="list-style-type: none"> ✓ <i>Relevant Audit Authority reports</i> ✓ <i>Relevant EC reports</i> 	<ul style="list-style-type: none"> • <i>COVID 19 issues</i> • <i>Lack of absorption capacity</i> • <i>Poor expert pool</i> 	<ul style="list-style-type: none"> • <i>Full commitment of the parties involved</i> • <i>Strong cooperation within relevant bodies involved in implementation of project</i>

<p>Specific (Project) Objective(s)</p>	<p><i>The specific objective and purpose is to ensure effective closure of programming period 2014-2020 (IPA II) and to prepare Montenegro for program management and control of projects funded within IPA III/ESIF.</i></p>	<ul style="list-style-type: none"> ✓ <i>Legislative framework improved.</i> ✓ <i>The AA prepared for effective closure of IPA II programmes and to meet upcoming obligations and responsibilities related to auditing IPA III/ESIF.</i> 	<ul style="list-style-type: none"> ✓ <i>Twinning project reports</i> ✓ <i>Minutes from steering committee meetings</i> ✓ <i>Twinning project documents</i> 	<ul style="list-style-type: none"> • <i>COVID 19 issues</i> • <i>Lack of absorption capacity</i> • <i>Poor expert pool</i> 	<ul style="list-style-type: none"> • <i>Full commitment of the parties involved</i> • <i>Strong cooperation within relevant bodies involved in implementation of project</i>
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<p>Mandatory results/outputs by components</p>	<p><u>Component 1:</u> Law amending the Law on audit of EU funds and the bylaws necessary for completing legislative framework and strengthening the institutional set up of AA identified and prepared based on the analysis of the current legislation.</p> <p><u>Component 2:</u> Appropriate procedures, papers and manuals for performing audit activities regarding the closure of programmes within IPA II and audit of IPA III/ESIF prepared, and competences of AA staff strengthened based on identified training needs.</p>	<ul style="list-style-type: none"> ✓ Detailed analysis of the current legal framework regulating the work of AA conducted. ✓ Amendments to the Law on audit of EU funds finalized for submission to the Parliament (target 2022/2023). ✓ AA bylaws identified and prepared for further adoption (target 2022/2023). ✓ Appropriate procedures and working papers regarding the closure of IPA II programmes prepared. ✓ Revised Audit Manual in line with requirements for the audit of IPA III/ESI funds (target 2022/2023). ✓ Competences of Audit Authority staff strengthened. 	<ul style="list-style-type: none"> ✓ Twinning project reports ✓ Minutes from steering committee meetings ✓ Twinning project documents ✓ List of participants 	<ul style="list-style-type: none"> • COVID 19 issues • Lack of absorption capacity • Unconcern of employees • Fluctuation of trained staff 	<ul style="list-style-type: none"> • Commitment and good and continuous interaction of all stakeholders at all levels • Strong inter-ministerial cooperation and understanding of the importance of sound public finance management
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<p style="text-align: center;">Activities</p>	<p>Component 1:</p> <p><i>1.1. Conducting detailed analysis of the current legal framework regulating the work of AA, which will identify all challenges and bottlenecks and propose recommendations to ensure strengthening of its function and alignment of the domestic legislation with the EU regulations and standards.</i></p> <p><i>1.2. Proposing amendments to the Law on audit of EU funds and preparation of the final draft for submission to the Parliament.</i></p> <p><i>1.3. Identifying necessary AA bylaws related to the results of activity 1.1 and 1.2.</i></p> <p><i>1.4. Developing AA bylaws for further adoption.</i></p> <p>Component 2:</p> <p><i>2.1. Conducting analysis of EC requirements regarding the closure of programming period 2014-2020 (IPA II) and development of</i></p>	<p>Component 1:</p> <ul style="list-style-type: none"> ✓ Detailed analysis of the relevant legislation related to the auditing of EU funds in Montenegro conducted (target 2022/2023). ✓ Gap report with the recommendations for the amendments to the Law on audit of EU funds and with identified AA bylaws prepared (target 2022/2023). ✓ Amendments to the Law on Audit of EU funds finalized for submission to the Parliament (target 2022/2023). ✓ AA bylaws identified and prepared for further adoption (target 2022/2023). <p>Component 2:</p> <ul style="list-style-type: none"> ✓ Analysis of the relevant EC legislation, guidelines and requirements related to the closure of the IPA II conducted, checklists and 	<ul style="list-style-type: none"> ✓ Twinning project reports ✓ Minutes from steering committee meetings ✓ Twinning project documents ✓ List of participants ✓ Training register ✓ Study visit report ✓ Internship report 	<ul style="list-style-type: none"> • COVID 19 issues • Lack of absorption capacity • Unconcern of employees • Fluctuation of trained staff 	<ul style="list-style-type: none"> • Commitment and good and continuous interaction of all stakeholders at all levels • Strong inter-ministerial cooperation and understanding of the importance of sound public finance management • Availability of top and senior management of the AA for contributing to the activity • Adequate absorption capacity and availability of target staff as participants
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	<p><i>appropriate procedures, checklists and working papers for performing audit activities regarding the closure of IPA II programmes.</i></p> <p><i>2.2. Updating / further development of Audit Manual for the audit of IPA III/ESI funds.</i></p> <p><i>2.3. Conducting training needs analysis for the Audit Authority staff and accordingly developing, organizing and conducting training programme for trainings, seminars and workshops regarding the audit activities related to the closure of programming period 2014-2020 (IPA II) and audit of IPA III/ESIF. The activity includes active support to the AA staff for an ongoing audit activities.</i></p> <p><i>2.4. Hand-on training by conducting 2 study visits of Audit Authority staff in the EU Member State (5 working days, 7 participants per study visit) with the focus on specific issues based on AA needs. Also, based on the</i></p>	<p><i>working documents for audit activities related to the closure of IPA II prepared (target 2022/2023).</i></p> <ul style="list-style-type: none"> <i>✓ Revised Audit Manual in line with requirements for the audit of IPA III/ESIF finalized and introduced to the Audit Authority staff (target 2022/2023).</i> <i>✓ Training needs analysis for the Audit Authority staff (auditors) conducted (target 2022/2023).</i> <i>✓ Training programme (including training curricula) for the Audit Authority developed and training materials for seminars and workshops prepared (target 2023).</i> <i>✓ At least 15 auditors trained for audit activities related to the closure of IPA II and/or for audit of IPA III/ESIF (target 2022/2023).</i> <i>✓ Two study visits of Montenegrin auditors conducted (5 working days</i> 			
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	<i>training needs identified, organizing and conducting internship for several auditors employed in the AA in duration of 2 weeks in the EU Member State.</i>	<i>each, 7 participants per study visit).</i> ✓ <i>Internship for three auditors conducted (each auditor in duration of 10 working days).</i>			
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