

32 Annex - Financial Control

266. RULEBOOK ON THE INTERNAL AUDIT METHOD AND PROCEDURE

Pursuant to Article 24, paragraph 7 of the Law on Public Internal Financial Control (Official Gazette of MNE, no. 73/08) the Ministry of Finance passed the following

**RULEBOOK
ON THE INTERNAL AUDIT METHOD AND PROCEDURE**

Article 1

This Rulebook shall stipulate in more detail the internal audit method and procedure (hereinafter: audit).

Article 2

Internal audit shall be carried out in terms with the strategic and annual internal audit plan.

The strategic and annual plan as referred to in paragraph 1 of this Article shall be made on the basis of:

- risk assessment carried out by the internal auditor;
- actual direct cooperation with the employees within the entity, and
- assessment of the head of the Internal Audit Unit.

The strategic and annual internal audit plan shall determine the priorities for internal audit activities in terms with the entity's objectives.

The annual internal audit plan, developed pursuant to the strategic plan, shall determine:

- audit theme and scope;
- individual audit objective;
- intended time for performing the audit;
- the need for possible engagement of external experts;
- method to monitor the implementation of the recommendations given by internal audit (control audit), and
- planned annual training for internal auditors.

Article 3

Head of the Internal Audit Unit shall submit the notification of intended internal audit to the head of the organisational unit within the entity where the audit is to be carried out before the commencement of auditing.

This notification of the internal audit to be performed shall contain:

- audit theme;
- audit scope and objective;
- names of internal auditors to carry out the audit, and
- planned times for performing audits.

After receiving the notification of the audit to be performed, the responsible persons and the employees shall compile the documents necessary to facilitate the efficient conduct of the audit.

Article 4

The audit shall start with a meeting with the head of the organisational unit of the audited entity in order to agree the theme, the scope and the objectives of the audit.

Article 5

When conducting an audit, internal auditor shall determine, analyse, assess the data required for providing the expert opinion on the audit objectives, based on the direct insight into documents.

Having completed all planned checks, the auditors inform the head of the organisational unit being audited of the audit findings in order to harmonise their views.

Article 6

In line with the law, an audit report shall be compiled after each audit.

The documents collected while performing audit, which serve as the basis for compiling the audit report, shall be filed in an appropriate audit file.

Article 7

Internal Auditor shall monitor the implementation of recommendations given in the audit report and shall keep records on the implementation of the internal audit recommendations.

Article 8

With the entry into force of this Rulebook, the Directions on the Internal Audit Method and Procedure, Official Gazette of the Republic of Montenegro, 53/04 shall cease to be in effect.

Article 9

This Rulebook shall enter into force on the eighth day upon its publication in the Official Gazette of Montenegro.

Broj:01-

Podgorica, 5th May 2009

Ministry of Finance

Minister,
Dr Igor Lukšić