

Pursuant to Article 38 of the Law on the State Audit Institution („Official Gazette of the Republic of Montenegro“, No. 28/04, 27/06 and 78/06 and „Official Gazette of Montenegro“ No. 17/07, 31/14 and 070/17) and Article 8 of the Rules of Procedure of the State Audit Institution („Official Gazette of Montenegro“, No. 003/15), the Senate of the State Audit Institution, at the session held on 29th December 2022, adopted:

CODE OF ETHICS FOR STATE AUDITORS AND OTHER EMPLOYEES IN THE STATE AUDIT INSTITUTION

(“Official Gazette of Montenegro”, No.012/23 as of 31st January 2023)

CHAPTER I - CONCEPT AND PURPOSE OF THE CODE OF ETHICS

The Code of Ethics of State Auditors and Other Employees of the State Audit Institution (hereinafter: the Code) regulates basic ethical principles and values, generally accepted rules of conduct and professional standards that public officials (members of the Senate and Secretary of the SAI), state auditors and civil servants and employees in the State Audit Institution (hereinafter: employees of the Institution) are obliged to adhere to.

Both external experts and other persons engaged in the performance of tasks within the competence of the State Audit Institution (hereinafter: the Institution) are obliged to comply with the rules of the Code.

The provisions of the Code are applied in the performance of business obligations, as well as in the private life of employees in situations that may affect or jeopardize the professional integrity of the individual, as a representative of the Institution.

Employees of the Institution, external experts, as well as other engaged persons are obliged to read the Code and by their signature, on the prescribed Form 1, accept the obligations arising from the Code.

The purpose of the Code is to assist employees in their daily work, to contribute to ensuring and strengthening ethical standards of conduct to provide harmonious and efficient functioning of the Institution, as well as to establish and maintain trust, good reputation and credibility with key stakeholders: Parliament, Government and informed society (media, NGO sector, universities, professional associations and the general public).

The objective of the Code is to regulate the standards of personal and professional behavior of employees, to encourage them to pay attention to their behavior, to inform the public what behavior they can expect and demand from employees and to contribute to public confidence in the work of the Institution.

In addition to this Code, the employees of the Institution are obliged to respect and consistently apply the ethical requirements contained in the Law on the State Audit Institution, other legal acts of the Institution, International Standards of Supreme Audit Institutions (ISSAI Framework) and applicable laws and bylaws.

The management of the Institution is obliged to set the tone from the top with its actions and procedures, to support and promote ethical values and to be an example to the employees of the Institution with its ethical behavior.

Annual training plan of the Institution shall include trainings on topics related to ethics and integrity.

CHAPTER II - ETHICAL PRINCIPLES AND ETHICAL VALUES

In accordance with INTOSAI Code of Ethics ISSAI 130, employees of the Institution are obliged to respect five basic ethical values:

Integrity – to ensure fair and reliable conduct that is in the public interest;

Independence and objectivity - ensure independence in terms of status, autonomy of management and reporting from outside influence, the obligation of professional judgment and acting in an impartial manner;

Competence - ensure that employees acquire and maintain appropriate knowledge and skills related to the tasks entrusted to them and that they act in accordance with the applicable standards with due care;

Professional conduct - ensure compliance of employees' activities and actions with applicable regulations, international standards of the supreme audit institutions and internal acts of the Institution, and avoid conduct that may jeopardize the reputation of employees and of the Institution;

Confidentiality and transparency - ensure the obligation to maintain the confidentiality of data in a way that ensures balance with the requirement of transparency and accountability.

1. Integrity

Integrity is a principle that obliges employees to perform their duties in a responsible and conscientious manner by adhering to the standards of professional conduct in relation to the audited entity. Respect for the principle of integrity aims to improve efficiency, transparency, accountability and good governance, ensuring public confidence in the work of the Institution.

The principle of integrity implies that employees must not wittingly participate in any activities or actions that could impair their integrity and dignity.

Employees in their work are obliged to adhere to the highest standards of professional conduct and personal integrity. In respect to colleagues in the Institution and audited entities, ie. their employees, they should:

- Act politely and with respect, properly and objectively;

- Express a positive attitude and self-initiative in carrying out their tasks;
- Perform work duties in a timely, efficient and effective manner;
- Use powers, information and resources exclusively in the public interest.

Employees of the Institution, in the performance of entrusted tasks, may not grant or accept, any privileges, preferential treatment, services and personal benefits for themselves or another related person.

Employees are obliged to act also in the private life in a way that will not cause other persons and the public to doubt and distrust the professional integrity of employees and the Institution.

The employee must not allow his private interest to come into conflict with the public interest and is obliged to take into account the actual or possible conflict of interest, avoiding cases that could lead to it.

When preventing conflicts of interest, receiving gifts of sponsorships or donations, the employees of the Institution shall act in accordance with the regulations governing the prevention of corruption.

Employees are obliged to comply with the measures contained in the Integrity Plan and other acts that prevent and eliminate opportunities for the emergence and development of corruption in any work activity.

2. Independence and objectivity

In performing its tasks, the Institution must preserve its independence in terms of status, independence in management and reporting guaranteed by the Constitution, the Law on the State Audit Institution, the Code of Ethics and other acts of the Institution, the basic principles of independence prescribed by the Mexico Declaration - ISSAI 10 and other standards of International Supreme Audit Institutions and best auditing practice.

The principle of independence implies that the employee performs his working duties without any external influence, limitations, pressures, threats or interference from anyone and is obliged to undertake all measures so that his independence is not endangered by personal or external interests.

In accordance with the principle of objectivity, the employee is obliged to perform his work impartially without prejudice and discrimination and to express attitudes and personal beliefs based on full objectivity and accuracy.

The employees of the Institution are obliged to respect the principles of independence and objectivity in their work.

Threats or risks that may affect the independence and objectivity of employees are: political and other external pressures or influences, personal interests, previous employment, personal or financial ties of employees that may cause a conflict of interest, prejudice, etc.

Employees who perform audit activities are obliged to act independently and objectively in relation to the auditees and other third parties during the audit.

In order to preserve the highest degree of these ethical values, the employees engaged in audit should:

- maintain independence from political influence and be politically impartial;
- avoid participation in public political activities and public expression of political views, and in the performance of his professional duties he must not act and express his political commitment;
- avoid auditing the entities in which he was employed until recently;
- avoid circumstances in which financial or other personal interests could affect independence and impartiality in decision-making;
- avoid circumstances in which the audited entity's private or professional relationships with management or employees could affect impartiality and independence in work;
- refuse gifts or other preferential treatment that may affect his independence and impartiality in decision-making.

An employee performing audit work must not be involved in management processes or in the decision-making processes of the audited entity.

The employee must not abuse his position and use the benefits of the work he performs for the realization of personal interests and is obliged to avoid any activity that may diminish or that can be assumed that it will diminish the impartiality of opinion and decision.

In conducting an audit, the principle of objectivity implies that the planning, conducting and reporting of the audit is accurate and fair, that the findings and audit opinion are based solely on evidence gathered in accordance with International standards of supreme audit institutions, and the audit report is prepared accurately and objectively.

Employees must not discriminate against citizens on the basis of: race, color, nationality, social or ethnic origin, language, religion or belief, political or other opinion, gender, gender identity, sexual orientation, health status, disability, age, property condition, marital or family status, belonging to a group or presumption of belonging to a group, political party or other organization, as well as on the basis of other personal characteristics.

In performing their duties, employees are obliged to adhere to standards of professional conduct in relation to the audited entity and must not develop relationships that may affect their independence or objectivity in their work.

Prior to the commencement of each audit, the employee is required to personally sign the Statement of impartiality and independence and act in accordance with the Audit quality control Guidelines.

In the event that after the commencement of the audit, a circumstance, that may jeopardize independence and impartiality, arises or becomes known, the employee is obliged to inform the immediate supervisor in order to act in accordance with the Audit quality control Guidelines.

3. Competence

The Institution performs recruitment of its staff taking into account their competence, qualification and professional experience for performing work within its jurisdiction in order to avoid damages from hiring inadequate staff.

The Institution is obliged to ensure that its employees have necessary knowledge, skills and experience, which implies the assignment of employees to job positions that correspond to their competencies and knowledge, as well as the establishment, if necessary, of multidisciplinary teams that possess the necessary knowledge and skills of teamwork to perform assigned tasks in effective manner.

Employees of the Institution are obliged to acquire, maintain and improve professional knowledge and skills in order to competently perform professional duties. Improving the theoretical and practical professional knowledge and skills of employees will be carried out through internal and external training programs.

Employees are obliged to generously transfer the acquired knowledge and skills to associates. The institution is obliged to organize trainings for newly hired state auditors and other employees.

The institution provides employees with the necessary support, tools to improve knowledge and exchange information as well as control of their work.

Employees are required to have a good knowledge of the constitutional, legal and institutional principles and standards applied in the business operations of the audited entity.

Employees shall not undertake any activity for which they are not competent in order not to damage reputation of their profession.

Employees should perform the audit with due care, adhering to applicable standards of auditing, accounting, financial management, established policies and best practices.

If the Institution does not have the capacities to perform an audit that requires specialized knowledge in an area, it may hire external experts for that expertise.

4. Professional behaviour

Professional behaviour requires each employee of the Institution to perform his duties within the given jurisdiction, carefully, thoroughly and in a timely manner, in accordance with the law, other regulations and rules of the profession, and to avoid conduct that could jeopardize his reputation and reputation of the Institution.

The employee should act prudently and with due care so that his actions or opinion would not endanger or discredit the Institution and his own work, especially in cases when social media is used.

If certain behaviour is permitted by law, but it is not allowed by the standards of professional behaviour, the employees of the Institution are obliged to refrain from such behaviour.

5. Confidentiality and transparency

Employees of the Institution are obliged to keep and protect confidential data and information obtained in the performance of their duties in a manner that ensures the balance of confidentiality principle with the principle of transparency and accountability, in accordance with laws and other regulations, acts of the Institution and within given jurisdiction.

Employees of the Institution and engaged persons are obliged to get acquainted with the laws and bylaws on the use, storage and disclosure of confidential information and to apply them consistently in their work.

The Institution is obliged to provide technical and physical conditions for storing confidential data in paper or electronic form.

The employee must not use confidential information for personal gain or the benefit of third parties. The obligation of professional confidentiality must be respected when exchanging information at work, but also outside the work environment, with friends, family members and when using social networking services.

An employee may not disclose data and information obtained in the course of an audit without approval or unless there is a legal or professional right of disclosure. The employee may not publicly comment on the audit results or findings, unless the audit has been completed.

If the Institution hires an external expert in the audit procedure, the contract on hiring an external expert must contain a confidentiality clause which obliges the external expert to keep secrets about the audit facts and findings.

Employees are obliged to ensure the protection and storage of secret personal data in accordance with the law, regardless of the manner in which they found out the data. Employees and engaged persons are obliged to keep the confidential data even after the termination of employment or work engagement in the Institution.

In order to ensure respect for confidentiality, employees of the Institution sign a Statement on protection of data, which is an integral part of this Code. The obligation to respect confidentiality also applies to external experts and other engaged persons.

CHAPTER III - ETHICS MANAGEMENT AND CONTROL

The Institution shall establish control measures to minimize the risk of unethical behavior at the lowest possible level. Control measures may be established by law, by-laws or acts of the Institution.

In order to control and monitor the implementation of ethical values in the work of employees of the Institution, it is necessary:

- that each employee signs a Statement that he is familiar with the content of the Code of Ethics and that he accepts the obligation to apply ethical values and principles in his work;
- that the employees engaged in the audit, before the start of each audit, sign a statement on impartiality and independence;
- to adopt plans for continuous training and professional development of employees;
- to appoint an integrity manager;
- to appoint persons to receive and act upon whistleblower reports in accordance with the Law on prevention of corruption as well as appoint a person to receive and act upon notifications of suspected irregularities and fraud in accordance with the Law on management and internal controls in the public sector;
- to establish records of received gifts;
- to develop and apply tools for self-assessment of ethical values.

Respect for ethical principles and values is ensured through the following acts of the Institution:

- Law on the State audit institution;
- Rules of Procedure of the State audit institution;
- Audit manuals, methodological instructions and guidelines;
- Strategic development plan of the State audit institution and action plan for its implementation;
- Strategy for human resources management of the State audit institution and action plan for its implementation;
- Strategy for the internal communication development of the State audit institution;
- Communication strategy of the State audit institution and action plan for its implementation;
- Integrity plan of the State audit institution;
- Register of risks of the State audit institution;
- Internal acts of the Institution on the establishment of internal controls and other internal acts of the Institution;
- Annual training plans for employees of the Institution;
- Guide to free access to information of the SAI;
- Decisions on marking confidentiality of data;
- Decision on the appointment of a person to act on notifications of suspected irregularities and fraud in the entity;
- Decision on appointing a person to receive and act upon whistleblower reports in the SAI;
- Conclusion of the Senate on the appointment of an official in charge of free access to information.

CHAPTER IV - ETHICS COMMITTEE

The Ethics Committee is responsible for supervision over the application and monitoring of compliance with this Code.

The Senate of the Institution appoints the Ethics Committee, which has a president and two members who are appointed from among the employees, for a period of two years.

The Rules of Procedure determine the manner of work, actions and decisions of the Ethics Committee. The Rules of Procedure, at the proposal of the Ethics Committee, are adopted by the Senate of the Institution.

The Ethics Committee is competent to: give an opinion on complaints about the behavior and work of employees in the Institution; give an opinion on the application of this Code; initiate amendments to regulations in the field of ethics of employees; promote ethical standards and rules of behaviour in the Institution.

The Ethics Committee cooperates with other ethics committees formed by state bodies and other institutions.

The Ethics Committee shall at least once a year report to the Senate of the SAI about the manner of respecting the provisions of the Code of Ethics by the employees and other engaged persons.

CHAPTER V - VIOLATION OF THE CODE OF ETHICS

The Senate is competent for legal interpretation of this Code.

Due to the violation of ethical principles and rules of behaviour established by this Code, employees of the Institution, audited entities, citizens and other interested legal entities may apply to the Senate and/or the Ethics Committee.

Violation of official duty, procedure and bodies responsible for acting in the procedure shall be determined by law and other regulations in accordance with the law.

Employees who violate the ethical principles and rules of conduct established by this Code shall be liable in accordance with the regulations governing disciplinary proceedings.

CHAPTER VI - TRANSITIONAL AND FINAL PROVISIONS

Generally accepted rules of behaviour, which are not regulated by this Code, are regulated by a special act of the Institution.

The Code of ethics for state auditors and other employees of the State audit institution, no: 4016-06-914/9 of 16th October 2015 shall cease to be valid from the date of the entry into force of this Code.

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

Number: 06-035/23-120
Podgorica, 20th January 2023
CHAIRMAN OF THE SENATE OF THE SAI

Member of the Senate
Nikola N. Kovačević

Annexes:

Annex 1: Form of the Statement on Acceptance of the Code of Ethics

Annex 2: Form of the Statement on Impartiality and Independence

Annex 3: Form of Statement on Data Protection



MONTENEGRO
STATE AUDIT INSTITUTION

No:
Podgorica,

STATEMENT
on acceptance of the Code of Ethics

I declare that I am informed about the content of the Code of Ethics for state auditors and other employees of the State audit institution and that while performing my duties, I accept the obligation to follow the general ethical principles contained in ISSAI 130 - ISSAI Code of Ethics and the Code of ethics for state auditors and other employees in the State audit institution.

(Name and surname)

(job position/function)

(date of signature)

Pursuant to Article 6 of the Guidelines on audit quality control, I sign voluntary

**STATEMENT
ON IMPARTIALITY AND INDEPENDENCE**

that confirms that I am not in a conflict of interest in the audit procedure at the audited entity:

In a manner that:

- I am not in any family relationship with the members of management structure of the audited entity;
- I was not employed during last three years at the audited entity;
- members of my immediate family are not employed at the audited entity;
- I do not have any managerial rights or ownership at the audited entity during last three years;
- members of my immediate family do not have any managerial rights or ownership at the audited entity;
- I perform my duties in a neutral and impartial manner in line with public interest.

If new circumstances emerges which indicate that my independence may be breached, I shall notify the Head of Sector immediately.

Note (in case that there are other circumstances that can be considered as potential conflict of interest which may jeopardize independence and impartiality):

Hereby I confirm that I have disclosed all familiar information which may bring into a question my independence and objectivity and I take responsibility for accuracy of the given information.

Date:

Signature:



MONTENEGRO
STATE AUDIT INSTITUTION

No:
Podgorica,

Pursuant to Article 71 of the Law on state officials and employees (“Official Gazette of Montenegro”, no. 2/18, 34/19 and 08/21), Article 25 of the Law on protection on personal data (“Official Gazette of Montenegro”, no. 79/08...22/17) and Article 56 of the Law on secrecy of data (“Official Gazette of Montenegro”, no. 014/08...074/20), I give the following

STATEMENT ON DATA PROTECTION

I declare that, while performing my duties, I shall respect the legal obligations on protection and storage of the confidential and personal data regardless of the manner I have found out the data.

(Name and surname)

(Job position/Function/type of engagement)

(Date of signature)