

## **Project „Audit Quality Control in the State Audit Institution“**

In April 2014, the State audit institution of Montenegro signed a Contract with Delegation of EU in Montenegro on implementation of the twinning light project „Audit Quality Control in the State Audit Institution of Montenegro“.

The State audit institution of Montenegro, as a beneficiary of the project, implemented the Project „Audit Quality Control“ in cooperation with a partner, National Audit Office of Lithuania. The project, financed by European Commission in total amount of 250,000.00€, was implemented through five activities within eight months.

The overall objective of the project was to enhance effective and efficient management and use of public funds in Montenegro by strengthening audit capacity and ensuring audit quality control in line with the international standards of supreme audit institutions and international audit practice.

The purpose of the first activity „ Translation and acquainting SAI auditors with the international standards related to quality control“ was to assist the SAI in translating and acquainting SAI auditors with ISSAI standard 40 and other relevant ISSAIs related to quality control, such as ISSAI 1000, 1220, 1620, 3100, 4100 and 4200. To achieve the planned results, the standards related to the quality control (ISSAI 40, 1000, 1220, 1620, 3100, 4100, 4200) were translated into Montenegrin language. The experts from the NAO Lithuania organized training for management and auditors of the SAI to acquaint with the standards, related to the quality control, as well as overall financial, performance and compliance audit process.

The second activity „ Review of the existing quality control practice at SAI and preparing an Assessment Report“ included a review of all available documents of the SAI aimed to acquaint with the audit practice of the SAI. To achieve planned results „Assessment Report“, the experts prepared the Questionnaire on assessment of the existing quality control practice for financial and regularity audit and based on the questionnaire, they prepared the Assessment report including recommendations for development of audit quality control system within the SAI in line with the international auditing standards.

The third activity „ Action plan for setting the frame for SAI quality control system“ included preparation of the framework for ensuring quality control system within the SAI, encompassing all elements in line with the ISSAI standards and adapted to the specificity of SAI in Montenegro. This activity was successfully implemented through development of the Action plan for setting framework for the SAI quality control system.

With aim to implement this activity and prepare the Audit quality control guidelines, the project team of the SAI with a support of the experts from the NAO Lithuania prepared two key documents: Instruction on

methodology for performing financial audit and regularity audit and Instruction on methodology for performance auditing.

The fourth activity „ Preparation of the guidelines on audit quality“ was successfully implemented. The project team of the SAI and expert team of the NAO Lithuania prepared the Guidelines on audit quality control with checklists for financial audit, regularity audit and performance audit. The fourth activity also included one more activity which was not envisaged by the project, and it referred to proposing amendments to the Manual on planning and performing financial and regularity audit.

The fifth activity included: study visit on audit quality control and trainings related to application of the Guidelines on audit quality control. During the study visit, the experts of the NAOL shared the experience on quality control on institutional and audit levels, giving presentations on quality control system in NAOL, ethics, communication policy, human recourse policy, financial, compliance and performance audits by practical examples, audit of state consolidated accounts, follow-up process, audit documentation and audit results systems, gap analysis.

The training for the audit staff was realized as the final project activity and it included a presentation of the Guidelines on audit quality control including the checklists for three types of audit.

The audit staff of the SAI took active participation during implementation of all activities envisaged by the project.