



ANNEX C1bis: Twinning Light Fiche

Project title: Improving and strengthening administrative capacity of the Audit Authority for audit of IPARD III programme and preparation for future certification work for EAGF and EAFRD

Beneficiary administration: Audit Authority of Montenegro

Twining Reference: ME 22 IPA FI 02 25 TWL

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EU funded project

TWINNING TOOL

LIST OF ABBREVIATIONS:

AA – Audit Authority
CAP - Common Agricultural Policy
DG AGRI – Directorate General for Agriculture and Rural Development
DG ENEST - Directorate-General for Enlargement and Eastern Neighbourhood
EC - European Commission
EU - European Union
EAGF - European Agricultural Guarantee Fund
EAFRD - European Agricultural Fund for Rural Development
ESIF – European Structural and Investment Funds
FFPA - Financial Framework Partnership Agreement between European Commission and Montenegro represented by the Government of Montenegro on specific arrangements for implementation of Union financial assistance to Montenegro under the Instrument for Pre-accession Assistance (IPA III)
FWA - Framework Agreement between Montenegro represented by the Government of 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)
IA – IPARD agency (Implementing body)
IACS - Integrated Administration and Control System
IPA II– Instrument for Pre-accession Assistance (2014-2020)
IPA II– Instrument for Pre-accession Assistance (2021-2027)
IPARD II – Instrument for pre-accession assistance for rural development (2014-2020)
IPARD III - Instrument for pre-accession assistance for rural development (2021-2027)
LEADER - French acronym, standing for- Liaison Entre Actions de Development de l'Économie Rural, meaning Links between the rural economy and development actions
MAFWM - Ministry of Agriculture, Forestry and Water Management
NAO - National Authorising Officer
PFM – Public Finance Management
PRAG - Practical Guide to Contract Procedures for EU External Actions
REBIT - Request for entrustment of budget implementation tasks
TAIEX - Technical Assistance and Information Exchange instrument

1. Basic Information

- 1.1 Programme: Instrument for Pre-Accession Assistance III - Annual Action Program in favour of Montenegro for 2022, EU Integration Facility – Direct management
- 1.2 Twinning Sector: Finance, Internal market and economic criteria, Agriculture and rural development
- 1.3 EU funded budget: EUR 200,000.00
- 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 is to prepare Montenegro for sound financial management of the IPARD III programme and, after accession, of the agricultural funds EAGF and EAFRD in line with EU requirements; which will at the same time contribute to fulfilment of obligations from Negotiation chapters 11 Agriculture and rural development, 22 Regional Policy and Coordination of Structural Instruments as well as chapter 32 Financial Control

2.2 Specific objective:

The project specific objective is to assist the Audit Authority (AA) of Montenegro in strengthening their institutional and administrative capacities for efficient and effective audit of IPARD III programme, as well as preparation for the future certification work for EAGF and EAFRD as Certification Body, through comprehensive trainings (presentations, on the job trainings, internships and study visits) and round off of procedures.

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

The Stabilisation and Association Agreement between the European Communities and the Republic of Montenegro entered into force on 1st May 2010. The aims of the Agreement are to support the efforts of Montenegro to strengthen democracy and the rule of law; contribute to political, economic and institutional stability in Montenegro, and to the stabilisation of the wider Western Balkans region; provide an appropriate framework for political dialogue, allowing the development of close political relations between the EU and Montenegro; support the efforts of Montenegro to develop its economic and international cooperation, including through aligning its laws more closely to those of the EU; support the efforts of Montenegro to complete the transition to a functioning market economy; promote harmonious economic relations and gradually develop a free trade area between the EU and Montenegro; foster regional cooperation in all the fields covered by this agreement. 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 and III aim to support developing the capacity of Montenegro to apply the *acquis*, to increase the transparency and professionalism of the civil service. A specific focus is put into 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 Economic Reform Programme (ERP), jointly adopted by the EU, the Western Balkans and Turkey represents the main instrument for economic policy dialogue with Montenegro. The measures and policy guidance span nine areas, including: public finance management, energy and transport market reform; research, development and innovation and digital economy; trade-related reform; education and skills; employment and labour markets; and social inclusion, poverty reduction and equal opportunities. The latest ERP that covers the period 2023-2025 is the main document of medium-term programming macroeconomic and fiscal policy framework. It is an instrument for planning the country's economic policy and managing reforms, which aim to maintain macroeconomic stability, strengthening international competitiveness and improving conditions for digitally based, greener, stronger and more resilient economic growth and development.

The Program for the Accession of Montenegro to the European Union (EU) for the period from 2024 to 2027 was adopted by the Government of Montenegro in April 2024, which aims to harmonise the strategic and legislative framework of Montenegro with the legal *acquis* of the Union. The Programme foresees that the largest number of obligations from the European agenda will be completed by the end of 2025 year.

The Public Finance Management Reform Programme (PFM RP) 2022-2026 aims to ensure fiscal sustainability and sound management of public finances in line with EU legislation. It is expected to result in significant advancements in the functioning of the budgetary system, managerial accountability, budget execution and internal and external audit. The adoption of the PFM RP is one key criterion for obtaining further support from the IPA technical support and a prerequisite for Sector Budget Support through the IPA. Timely progress in PFM is also one of the main eligibility criteria for ongoing and future budget support. One of strategic objectives of the PFM RP is objective 4 - Financial control, within which operational goal 4.4 refers to Improving the Audit Authority efficiency.

The Framework Agreement between Montenegro represented by the Government of 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 behalf of the Commission on 30th January 2015 and the Law on ratification of the Framework Agreement was published on 27th May 2015 ("Official Gazette of Montenegro - International Treaties " No. 5/2015). In order to promote co-operation between the Parties and to assist Montenegro in its progressive alignment with the standards and policies

of the Union, including the acquis, with a view to Union membership, the Parties agreed to implement actions in the following policy areas as applicable to the IPA II beneficiaries with a view of achieving the objectives as set out in Articles 1 and 2 of the IPA II Regulation: reforms in preparation for Union membership and related institution- and capacity building; socio-economic and regional development; employment, social policies, education, promotion of gender equality, and human resources development; agriculture and rural development and regional and territorial cooperation.

The Sectoral Agreement between the Government of Montenegro and the European Commission setting out provisions for the management and implementation of Union financial assistance to Montenegro under the Instrument for Pre-accession Assistance in the policy area 'Agriculture and Rural Development' (IPARD II) was signed on behalf of the Commission on 10th November 2015 and the Law on ratification of the Sectoral Agreement was published on 24th May 2021 ("Official Gazette of Montenegro - International Treaties " No. 02/2016 and Amendment No. 02/2021 published on 24/05/2021). Sectoral Agreement lays down specific provisions for the management and implementation of the assistance in the agriculture and rural development policy area of IPA II (IPARD II) in accordance with Article 9 of the FWA. It complements the FWA concluded with Montenegro in accordance with Article 5(1) and (2) of the IPA II Implementing Regulation for the implementation of IPA II.

As regards financial perspective 2021-2027, the **Financial Framework Partnership Agreement between European Commission and Montenegro represented by the Government of Montenegro on specific arrangements for implementation of Union financial assistance to Montenegro under the Instrument for Pre-accession Assistance (IPA III)** was published in the Official Gazette Montenegro on 21st October 2022 (No. 006/22). In order to assist Montenegro in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required to comply with Union values and to progressively align with Union rules, standards, policies and practices with a view to Union membership, the parties agreed to implement actions within the thematic priorities set out in Article 3(3) and (4) and in Annexes II and III of the IPA III Regulation, and to contribute to achieving the specific objectives listed in Article 3(2) of that Regulation.

The Sectoral Agreement between the Government of Montenegro and the European commission setting out provisions for the management and implementation of union financial assistance to Montenegro under the Rural development programme of the Instrument for pre-accession assistance (IPARD III) was published in the Official Gazette Montenegro on 12th January 2023 (No. 001/2023). Sectoral Agreement lays down specific provisions for the management and implementation of the assistance under the IPA III rural development programme (IPARD III) in accordance with Article 9 of the FFPA. It complements the FFPA concluded with Montenegro in accordance with Article 5(1) and (2) of the IPA III Implementing Regulation for the implementation of IPA III.

Through TWL, AA aims to strengthen administrative and institutional capacities in order to increase the institution's ability to achieve its duties and goals in the upcoming period related new implementation period, new measures and preparation for certification work after EU membership.

Proposed actions present smoothly continuation in strengthening capacities of AA, with focus on capacities of Department for audit of the program of agricultural and rural development.

3. Description

3.1 Background and justification:

The Action is inseparable from achieving progress in the EU accession process in **Chapters 11, 22 and 32**.

As regards chapter 11 Agriculture and rural development, in the EC annual report on Montenegro (November 2024) it is stated that Montenegro remains moderately prepared in the area of agriculture and rural development and achieved good improvement. In the coming year, Montenegro should in particular use to the best possible extent the budget under IPARD III programme due to risk of de-commitment, submit request for roll-over of technical assistance measure, as well as submit packages for entrustment of new measures.

This Twinning light (TWL) project will contribute to strengthen the Audit Authority's capacities to assess the efficiency and effectiveness of management and control systems for implementation of IPARD III, to conduct audits of transactions for new measures as well as to conduct audits of annual accounts and to prepare auditors for certification work after accession to the EU.

Further, implementation of this project 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, which is prerequisite for provisional closing of chapter, refers to establishment of institutional framework for implementing Operational program for Cohesion policy. It implies establishment of bodies necessary for management of European Structural and Investment funds. One of the bodies, constituting this system, is Audit Authority.

Additionally, implementation of the TWL 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.

The main beneficiary of the Action will be the Audit Authority of Montenegro/ Department for audit of the program of agricultural and rural development. 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 audit of EU funds (Instrument for Pre-Accession Assistance, Structural funds - after Montenegro accession to the EU - and other EU funds). Its status, main powers and responsibilities are subject to the highest legislation level, i.e. the provisions of the 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 the EU IPA programmes, while the audits on national funds (including the Agro-budget) are carried out by the Supreme audit institution of Montenegro. Article 2 to the Law on Audit of EU Funds stipulates that after Montenegro's accession to the EU, AA will continue to undertake its duties related to the audit of IPA programme and will also have the responsibility and obligation to audit EU post-accession funds (which includes the two funds for agriculture- EAGF and EAFRD). According to the

Rulebook on internal organisation and systematisation, one of departments of the AA is Department for audit of the program of agricultural and rural development. With a view to ensuring adequate financial management and control system for IPARD III as well as EAFRD and EAGF upon accession to the EU, institutional and administrative capacity of Department for audit of the program of agricultural and rural development needs to be further strengthened.

According to Annex A, Clause 9(3) of the FFPA and Article 24 of the Law on Audit of EU Funds, Department for audit of the program of agricultural and rural development conducts system audit (test of procedures and compliance testing), audit of operations and audit of annual accounts. In order to implement and govern audit work, Department for audit of the program of agricultural and rural development applies DG AGRI guidelines with supporting annexes:

- Guideline no 2 - IPARD Audit Strategy,
- Guideline no 3 - IPARD Annual audit activity report,
- Guideline no 5 - IPARD Annual Accounts,
- Guideline no 8 - IPARD Audit opinion.

The Department`s manner of work is described in the Manual of procedures for audit of the IPARD III programme, version 1.0

Through the TWL, AA aims to strengthen administrative capacities in order to increase the institution's ability to achieve its duties and goals in the upcoming period related to time pressure for absorption of funds for the new implementation period IPARD III and new IPARD measures (including area-based ones) and preparation for EU membership.

As for the financing perspective 2014-2020, up to this point, the Financing Agreement for the IPARD II Programme for Montenegro was signed for the following measures of the IPARD II Programme:

1. Investments in physical assets of agricultural holdings;
3. Investments in physical assets concerning processing and marketing of agricultural and fishery products; and
7. Farm diversification and business development,

According to EC guidelines, AA has conducted audit activities related to Measures 1, 3 and 7. Since the audit of measure 7 has started recently, AA considers that additional trainings are needed given the specifics and the very nature of this measure.

Further, DG AGRI has granted entrustment for Measure 9 Technical assistance in 2024. The aim of this measure is to help in particular with the implementation, monitoring and evaluation of the programme. The complete procedure for implementing this measure, including PRAG rules, set out in the Guidelines for Technical Assistance measure, is new for AA IPARD auditors. All projects must be procured in accordance with PRAG rules and, since AA must assess the eligibility of expenditure, it is necessary to receive adequate knowledge and support by experienced Member State auditors in auditing as well as for preparation of relevant procedures and checklists. Montenegro received entrustment for budget implementation tasks of Measure 9 in December 2024, however, there were no payments related to it within the

eligibility period for IPARD II. In year 2025, it is expected that NAO will request roll-over for IPARD III and thus, implementation of the new measure shall start.

As for the new financial perspective 2021-2027, AA would like to emphasise that there are some changes in requirements and procedures of the IPARD Agency (IA), such as alternative checks by IA instead of physical visits, which mean that it is necessary to harmonise the existing audit work with the new approach in order to not impede the sound financial management and the requirement of a sufficient level of assurance.

Considering the importance of information security and information technology, especially after the cyber-attack that occurred in Montenegro in August 2022, it is more than necessary for the AA to receive comprehensive on the job trainings on audit of IT/Information system security as well as support in updating current checklists. The AA does not have an IT engineer employed, which highlights the need for existing auditors to receive thorough training for this type of audit.

The formal request for entrustment of budget implementation tasks for Measure 4 Agri-environment-climate and organic farming under IPARD III was sent to the EC in July 2024. This measure had already been implemented as a pilot scheme under Montenegro's national Agro-Budget. This was recognised as necessary due to the complexity of the measure, especially because this is the first area-based measure to be implemented with EU funds. With the beginning of the implementation of Measure 4, the financing of the activities of the Agro-Budget for which support through the IPARD III programme has been committed will cease (as it was the case when the previous measures were entrusted). As regards control system, the Integrated Administration and Control System (IACS) is being set up for the control of national payment schemes and shall be used to control the implementation of measure 4 of the IPARD III programme. The element that still requires work is the Land Parcel Identification System, where more land parcels need to be included for the full coverage of the country. AA would like to emphasise that preparation for this new very important measure, which implies new control system and is in principle an area-based measure, which is also preparing for the EAGF direct payments upon accession. So far AA auditors have not been confronted with area-based payments and do not have adequate knowledge and experience, which imposes the need for expert assistance, in order to gain practical knowledge on IACS and harmonise audit procedures with new requirements of the measure. AA considers that comprehensive trainings are needed for each sub-measure of Measure 4: 1 - Sustainable use of mountain pastures, 2 - Organic production and 3 - Genetic resources in agriculture.

The Operating structure in cooperation with the Management structure have already started preparation of the package for Request for entrustment of budget implementation tasks for Measure 6 Investments in rural public infrastructure. The general objective of Measure 6 is to support economic, social and territorial development, leading to a smart, sustainable and inclusive growth through the development of physical infrastructure in Montenegro. Recipients under this measure are municipalities in rural areas. Considering the importance of this measure for rural development in Montenegro, all institutions responsible for IPARD assistance, including AA, must prepare for successful implementation of projects and ensure a satisfactory absorption of the funds allocated for this measure. As for Measure 9, the entire procurement procedure must be carried out in accordance with the PRAG rules. With entrustment of this

Measure, a good absorption rate is to be expected and thus, AA, through this TWL expects to receive comprehensive trainings for requirements and specificities of the measure. It should be pointed out that there is great interest already declared by the local authorities/ municipalities as the needs to improve the rural infrastructure is significant.

An additional measure envisaged by the IPARD III Programme is Measure 5 - Implementation of local development strategies - LEADER approach. LEADER is part of the EU's rural development policy in capacity building and implementation experience and it helps candidate countries prepare for EU accession. Implementation of the LEADER approach improves community development, improves social capital and contributes to economic, social, cultural and environmental improvements of local areas, by engaging a wide range of multisectoral private and public partners and by valorising community resources at the local level. Recipients of this measure are Local action groups selected and contracted by the IPARD Agency. It is a completely new measure that requires a serious approach from all institutions involved in the implementation of the IPARD III program. AA should have a comprehensive approach to this measure, and therefore, trainings related to the very nature of the measure as well as to its audit are needed.

The last measure defined by IPARD III is Measure 11 - Establishment and protection of forests. It aims to restoring, preserving and enhancing ecosystems that are related to agriculture and forestry, whilst addressing the challenge of climate change. It is designed to contribute to extension and improvement of forest resources and forest-fire prevention. The final recipients under this measure are private persons, legal persons and associations, holders of forests and/or agricultural land, non-agriculture land in rural areas. AA considers that presentation of projects from each of operations envisaged within this measure: Afforestation, Agroforestry, Restoration of forest after the forest fire, Prevention of damage to forests from forest fires, Improving the resilience and environmental value of forest ecosystems, are needed.

In relation to the above mentioned, 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, 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 needs of AA in period of implementation of project. Programme will cover specific issues related to the IPARD III programme as well as related to EAGF and EAFRD.

Study visits are envisaged 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 related to new measures, IACS, etc. Hands-on training bridges theory and practice, empowering participants to apply knowledge effectively and assuring immediate feedback.

AA planned Internships for senior auditors in order to send more experienced employees to EU Member States Audit Authorities and Certification Bodies with the aim of gaining experience and skills and further disseminate gained knowledge to junior auditors. AA considers that sending experienced auditors to MS AA and Certification Bodies is a way better to achieving goals and maximising the results, because they will make better use of the opportunity and

know what to focus on, what is the difference in work manner, what to ask and convey all that in the return.

The AA intends to ensure the best possible preparation for the new responsibilities deriving from auditing the IPARD III and preparation for audit of EAFRD and EAGF, which will become available to Montenegro upon accession. The project is envisaged to assist the Audit Authority in setting up the system for audit of IPARD III through development of relevant procedures and improvement of capacities of the Department for audit of the program of agricultural and rural development for certification work. Project activities would be focused on performing efficient and effective audit of IPARD III, gaining sufficient knowledge in auditing Information system security, IACS and in applying PRAG rules and preparing the institution for upcoming Certification Body tasks

3.2 Ongoing reforms:

The Public Finance Management Reform Programme (PFM RP) 2022-2026 recognises external audit, including Audit Authority, as one of the main components. Activities presented through this project fiche will contribute to the achievement of the goals planned within PFM (2022-2026).

The Programme for the development of Agriculture and Rural areas in Montenegro under IPARD II 2014-2020 (IPARD II programme) is one of the preconditions for the use of European pre-accession funds through IPA II - the policy area agriculture and rural development. Through the implementation of the IPARD II program, total public support to Montenegrin farmers amounts EUR 51.8 million, of which EU funds amount to EUR 39 million, and national co-financing amounts to EUR 12 million. The overall goal of the IPARD II programme is to restructure and modernise the agricultural and processing sector, in order to create competitive farms and the processing sector, which will be ready to join the EU and use EU funds.

On 25th October 2017, Montenegro received entrustment for budget implementation task for Measure 1 Investments in physical assets of agricultural holdings and Measure 3 Investments in physical assets concerning processing and marketing of agricultural and fishery products, while the Financing agreement is in force from 6th December 2017.

On 6th August 2020, Montenegro also received conditional entrustment for budget implementation task for Measure 7 Farm diversification and business development and the Amendment of the Financing agreement for this measure is in force from 22nd October 2020. Full entrustment of the measure 7 was received on 22nd of March 2023. **The Program for the development of agriculture and rural areas of Montenegro within the framework of IPARD III 2021-2027** was adopted by the European Commission on 29th of June 2022.

Through the implementation of the IPARD III programme, a total public support in amount of EUR 81,975,947.00 will be available to Montenegrin farmers, of which EU funds amount EUR 63,000,000.00, while national co-financing amounts EUR 18,975,947.00. With the contribution of the recipients, around EUR 128,000,000.00 will be invested in Montenegrin agriculture through the implementation of the IPARD III programme.

The aim of the approved measures is to improve competitiveness, increase the added value of products, create new jobs, improve living conditions in rural areas, connect with tourism, improve rural infrastructure, support through agro-ecological-climatic measures and organic production measures, as well as measures to establish and forest protection. Measures envisaged within IPARD III are:

- Measure 1 - Investments in the physical capital of agricultural holdings
- Measure 3 - Investments in physical capital related to the processing and marketing of agricultural and fishery products
- Measure 4 - Agroecological-climatic measures and measures of organic production
- Measure 5 - Realisation of local development strategies - LEADER approach
- Measure 6 - Investments in rural public infrastructure
- Measure 7 - Farm diversification and business development
- Measure 9 - Technical assistance
- Measure 11 - Establishment and protection of forests

Implementation of IPARD III programme has started with launching 4 public calls during year 2024 (2 for measure 7 (7.1 and 7.2), 1 for Measure 3 and 1 for Measure 1). According to the information received by the structure, 165 applications had been received for Measure 7.1, 19 applications for Measure 7.2, 57 applications for Measure 3 and 694 applications for Measure 1, in total 935 applications.

3.3 Linked activities:

The Audit Authority was beneficiary of a Twinning Light project within the Instrument of Pre-Accession Assistance IPA 2012 "Strengthening of the Audit Authority of Montenegro" implemented in period 2014-2015. The goal of the project was to prepare and strengthen the Audit Authority in accordance with EU requirements for the execution of tasks within the Instrument of Pre-Accession Assistance. The Twinning project was implemented through three activities: updating the audit methodology, auditor training and organisational development.

Further, the Audit Authority was beneficiary of the project "Development and strengthening of State Audit Institution and Audit Authority", one of 6 separate projects implemented through IPA 2014 "Support to the Public Finance Management policy". The project was implemented in the period November 2018 - September 2020.

Additionally, AA was beneficiary of the Annual Action Programme for Montenegro 2020 Objective 1 (IPA/2020/042-142), twinning light project "Improving legislative framework and strengthening the Administrative Capacity of the Audit Authority of Montenegro" (MN 20 IPA FI 0222 TWL) which has been implemented in period January – September 2023. Project was related to IPA III with focus on European Structural and Investment Funds under Cohesion policy, and apart from general issues that are common to all funds/programs, the project did not include topics/activities related to any of the agriculture and rural development funding under IPARD/EAFRD/EAGF.

There is no overlapping or duplication of activities between the previous projects and this TWL Proposal, since previous projects were mainly focused on issues related to other programmes/funds, not to the rural development programme. Taking into consideration the specifics of the IPARD programme which implies different regulations, legislation, guidelines, audit approach as well as situation of parallel implementation of two programmes, AA considers it more than necessary to receive adequate professional support in performing of

existing and upcoming audit activities of Department for audit of the program of agricultural and rural development.

Through TAIEX service, AA received approval for organising series of events:

1. *Expert mission* which took place in period 22-26 January 2024 - trainings related to conduction of IT audit and expert support in assessment of IA`s and Management structure`s progress in implementation of DG AGRI recommendations related to ISO/IEC 27002.
2. *Multi-beneficiary workshop* with group of experts, which took place in period 23-27 September 2024 with the aim to conduct detailed analysis of the relevant EC legislation, guidelines and requirements related to the IPARD III and to develop procedures, checklists as well as working papers according to requirements for new perspective.
3. *Study visit* which is planned for April 2025 as a hand on training where the ongoing projects in MSs will be visited and the real audits will be simulated.

Although part of TAIEX events refer to the audit of the IPARD program, due to the limited duration, this cannot be considered an overlap. Proposed actions present smoothly continuation in strengthening capacities of AA, with focus on capacities of Department for audit of the program of agricultural and rural development.

3.4 List of applicable *Union acquis*/standards:

1. Reg (EU)2021/1529 Regulation establishing the Instrument for Pre-accession Assistance (IPA III) from September 2021
2. Commission Implementing Regulation (EU) 2021/2236 from 15th December 2021 on the specific rules for implementing Regulation (EU) 2021/1529 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA III).
3. Commission Delegated Regulation (EU) 2021/2128 from 01 October 2021 setting out certain specific objectives and thematic priorities for assistance under the Instrument for Pre-Accession Assistance (IPA III) supplementing Regulation (EU) 2021/1529
4. Law on Audit of EU Funds (“Official Gazette Montenegro”, No. 14/12, 54/16, 37/17 and 70/17).
5. The Financial Framework Partnership Agreement between European Commission and Montenegro represented by the Government of Montenegro on specific arrangements for implementation of Union financial assistance to Montenegro under the Instrument for Pre-accession Assistance (IPA III) from 21st October 2022 (“Official Gazette Montenegro”, No. 006/22).
6. The Sectoral Agreement between the Government of Montenegro and the European commission setting out provisions for the management and implementation of union financial assistance to Montenegro under the Rural development programme of the Instrument for pre-accession assistance (IPARD III) from 12th January 2023 (“Official Gazette Montenegro”, No. 001/2023).
7. Programme for the Development of Agriculture and Rural Areas - IPARD III Programme C (2022)4726 was adopted on 29th June 2022 and amendments from 14th December 2023 and 22th July 2024.
8. Financing agreement for implementation of IPARD III Programme signed between the Government of Montenegro and the European Commission for the years 2021–2027

setting out the provisions for the entrustment of budget implementation tasks to Montenegro from 2nd February 2024;

9. Government Decree on the implementation and procedures for use of Funds from the Instrument for Pre-Accession Assistance (IPARD III Programme)- ("Official Gazette of Montenegro" No. 020/24 from 7th March 2024 and Amendments to this Decree ("Official Gazette of Montenegro" No.076/24 from 02/08/2024))
10. Practical Guide to contract procedures for European Union external actions (PRAG);
11. ISO/IEC 27002
12. The European Commission's guidelines governing the audit work (Guideline no 2 - IPARD Audit Strategy Ref. Ares (2014)8820434 - 10/12/2024, Guideline no 3 IPARD Annual audit activity report Ref. Ares (2024)1140829 – 13/02/2025, Guideline no 5 - IPARD Annual Accounts Ref. Ares (2025)897459 – 05/02/2025, Guideline no 8 – IPARD Audit opinion Ref. Ares (2025)898851 – 05/02/2025)

3.5 Components and results per component

Component 1: Strengthening the capacity of Audit Authority for audit of Measures 7 and 9, on IT security as well as increase knowledge on IACS and PRAG rules

- **Result 1:** Audit Authority staff trained on audit of measure 7 Farm diversification and business development and Measure 9 Technical assistance
- **Result 2:** Increased level of knowledge on IT security/digitalisation used/needed in the IPARD entities/ future Member state authorities (auditees) relevant for the current tasks and updated AA checklists according to ISO 27002 standard
- **Result 3:** Comprehensive trainings on IACS and PRAG rules and development of procedures, checklists and working papers related to audit of IACS measures as well as according to PRAG rules

Component 2: Development of relevant procedures for IPARD III and strengthening the capacity of Audit Authority for audit of IPARD III programme

- **Result 4:** Revised Audit Manual in line with requirements for the audit of IPARD III Programme
- **Results 5:** AA staff trained on audit of the IPARD III programme as a basic preparation for audit of EAGF and EAFRD, with focus on new requirements, new measures (especially 4 and 6)

3.6 Expected activities:

The below listed activities are required to achieve the above-mentioned results. The Member State should 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

Developing a Training Programme and preparing training materials regarding audit of measures 7 and 9. Experts shall go through the developed checklists for these measures and give comments and suggestions for improving them.

Activity 1.2

On the basis of the training programme, organising and conducting on-the-job trainings for at least 7 staff members of the Department. In addition to the presentations, experts shall support AA staff during ongoing audit engagements.

Activity 1.3.

Hands-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 focus on specific issues based on AA needs (measure 7 specificities, IACS, construction, production factories, etc.) and preparing the study visit report.

Result 2:

Activity 2.1.

Organising and conducting on-the-job trainings for at least 7 staff members of the Department related to IT security measures.

Activity 2.2.

Updating/further development of checklists and working papers for audit of Information security system.

Activity 2.3.

Introducing updated and new documents related to Information system security. Additionally, experts shall support AA staff during ongoing audit engagements.

Result 3:

Activity 3.1

Organising and conducting on-the-job trainings for at least 7 staff members of the Department related to IACS and IACS elements and databases

Activity 3.2

Organising and conducting on-the-job trainings for at least 7 staff members of the Department related to PRAG procedures as obligatory for measures 6 and 9

Activity 3.3

Development of procedures, checklists and working papers related to audit of IACS measures as well as according to PRAG rules

Component 2

Result 4:

Activity 4.1

Conducting analysis of relevant requirements regarding regulations and audit requirements for IPARD III programming period 2021-2027

Activity 4.2.

Updating / further development of Audit Manual for IPARD with supporting checklist and working papers for the audit of IPARD III

Activity 4.3.

Introducing manual to AA staff. Additionally, experts shall support AA staff during ongoing audit engagements.

Result 5:

Activity 5.1

Conducting training needs analysis for the entire Audit Authority and accordingly developing a training programme for trainings, seminars and workshops.

Activity 5.2

On the basis of the Training programme, organising and conducting on-the-job trainings for at least 7 staff members of the Department regarding the new programming period 2021-2027 (IPARD III) with specific focus on new requirements, new measures (especially 4 and 6) . In addition to the presentations, experts shall support AA staff during ongoing audit engagements.

Activity 5.3

Organising and conducting 3 internships for Audit Authority experienced IPARD employees in the EU Member State (1 employee per internship, duration of 2 weeks) as hand-on training in order to gain first-hand experience and preparing the corresponding report.

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

Two visibility events will be organised in the course of the implementation of the project; Kick-off meeting at the start of the implementation and the Final meeting at the end of the implementation of the project activities. Linked to these 2 meetings 2 (1 page) articles will be published in the quarterly magazine 'IPARD ZA TEBE'.

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

The implementation of the project requires one Project Leader (PL) , two Component Leaders and a pool of Short-Term Experts within the limits of the contract budget. It is essential that the expert 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 Leader and of key Short-Term Experts.

Profile and tasks of the PL:

- University degree attested by a diploma in a field relevant to this assignment, such as: economy, law, agriculture or social sciences; or equivalent professional experience of 8 years;
- At least 3 years of working experience as a high ranking official in an external audit body
- Very good knowledge in the area of international auditing standards for public sector;
- Fluency in English, both written and spoken.

Project Leader main tasks:

- The Project Leader is expected to be an official or assimilated agent with a sufficient rank to ensure an operational dialogue at political level. This should guarantee the capacity to lead the implementation of the project and the ability to mobilise the necessary expertise in support of its efficient implementation. A balance should be struck between seniority and the time that can be dedicated to the project
- Organise, coordinate and supervise the overall preparation and implementation of the project;
- Take 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 beneficiary institution and ensure regular reporting on project progress;
- Cochair the Steering Committee meetings.
- Prepare necessary project reports

3.7.1 Profile and tasks of Component Leaders:

The Component Leaders should be senior expert and should have the following qualifications and experience:

- University degree attested by a diploma in a field relevant to this assignment, such as: economy, law, agriculture or social sciences; or equivalent professional experience of 8 years;

- At least 3 years of working experience as a high ranking official in an external audit body
- Very good knowledge in the area of international auditing standards for public sector;
- Fluency in English, both written and spoken.

Component-specific requirements:

Component leader 1:

- At least 3 years of working experience in auditing SAPARD/IPARD/EAFRD/EAGF - additional years of experience will be considered as an asset; -

Component leader 2:

- At least 3 years of working experience in auditing SAPARD/IPARD/EAFRD/EAGF - additional years of experience will be considered as an asset;

Component Leader main tasks:

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

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

The number of short-term experts, allocation of the working days and the time-table of the activities should be proposed by the twinning partner having in mind to achieve the results while taking into account the absorption capacities of the beneficiary administration.

Short-term experts will provide specialised know-how for the individual tasks in this project. Therefore, the experts should have a relevant professional experience in administration and project implementation and minimum qualifications required, as well as specific skills needed for individual task. As a general approach, the STEs will take the responsibility for the implementation of specific tasks of the Project and the achievement of the results, each for his/her individual mission tasks, as defined by individual description of assignments. They will also prepare the required reports and the output described.

Requirements:

- University degree or equivalent professional experience of 8 years;
- Extensive experience and competence in auditing SAPARD/IPARD/EAFRD/EAGF (at least 3 years) – additional years of experience will be considered as an asset;
- Familiar with best practices in the field;
- Fluency in English;

Tasks of the Short-term expert:

- Close cooperation with the Montenegrin AA auditors in undertaking all activities

- Development of training programme and training materials
- Supervising pilot audits and implementing on-the-job trainings
- Providing professional advice to Montenegrin auditors during the project implementation period

Note: The pool of experts should include:

- At least one short-term expert who in addition to the respective profile requirements has experience with methodology development (audit manual)
- At least one short-term expert who in addition to the respective profile requirements has strong IT background and experience with ISO/IEC 27002
- At least one short-term expert who in addition to the respective profile requirements has experience with PRAG
- At least one short-term expert who in addition to the respective profile requirements has experience in auditing area and animal based measures.

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

The AA will provide all necessary organisational support for performing their work during their missions in the country. This means the following: timely allocation of working space and facilities in the premises of the AA (Beogradska 24b street, 81000 Podgorica, Montenegro), appointing relevant staff to participate in training activities, organisation, selection and appointment of members of working groups, steering and coordination committees, seminars, etc.

4. Budget

200,000.00 EUR.

5. Implementation Arrangements

5.1 Implementing Agency responsible for tendering, contracting and accounting

DELEGATION OF THE EUROPEAN UNION TO MONTENEGRO

e-mail: DELEGATION-MONTENEGRO-TWINNING@eeas.europa.eu

Tel.: +382 (0)20 444 600

Address: Vuka Karadzica 12
81 000 Podgorica,
Montenegro

5.2 Institutional framework

The main beneficiary institution of the project will be Department for audit of the program of agricultural and rural development within Audit Authority of Montenegro. Namely, 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 (IPARD, EAGF and EAFRD) 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. The AA currently has five departments out of which one is related to audit of the program of agriculture and rural development. There are 34 systematised job positions in total in AA, out of which 27 are filled. As regards Department for audit of the program of agricultural and rural development, 8 working posts are systematised, out of which, till this moment 7 are fulfilled (4 authorised auditors including Head of Department, 2 seniors and 1 junior auditor).

5.3 Counterparts in the Beneficiary administration:

5.3.1 Contact person:

Ms Rina Mucaj Demirovic

Head of Department for audit of the program of agricultural and rural development/Authorized Auditor

Audit Authority of Montenegro
Beogradska 24b
81000 Podgorica, Montenegro

5.3.2 PL counterpart

Ms Ksenija Barjaktarovic

Auditor General

Audit Authority of Montenegro
Beogradska 24b
81000 Podgorica, Montenegro

6. Duration of the project

Duration of the implementation of the project is 8 months

7. Sustainability

The Beneficiary administration is fully committed to ensuring a long-term impact of the activities of this Twinning light project. The expected combined impact of this project will bring to: harmonisation of the procedures with the internationally accepted standards, EU acquis and EU best practice related to auditing of EU agricultural funded programmes (IPARD, EAGF and EAFRD); improvement in audit procedures and tools as well as enhancement of skills in performing audit activities related to; improvement/development of audit procedures, planning and reporting practices in relation with the new requirements of the IPARD III; improvement in technical skills of the auditors in performing the audit of the internal security control and introduction and preparation of administrative capacities for the implementation of IACS measures as well as PRAG rules. 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 opinions, annual reports and recommendations and on the protection of the financial interests of the EU.

After successful implementation of the project Audit Authority auditors will be fully trained through on-the-job trainings and pilot audits on the audit of EU agricultural funds and

preparation of institution for certification work after accession. The adequate performance of auditors' work will be facilitated and the obtained knowledge will be disseminated to other auditors.

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

Participation in the project implementation will be guaranteed regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Institution benefiting from this project is an equal opportunity employer.

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

Through TAIEX service AA received expert support in assessment of IA's and Management structure's progress in implementation of DG AGRI recommendations related to ISO/IEC 27002. As regards workshop, experts with auditors had the opportunity to go through some basic requirements for IPARD III and focus was on closure of IPARD II programme. AA considers that through this TWL, additional support is necessary in order to gain thorough knowledge on activities defined, additionally elaborate and round existing procedures as well as develop the missing ones. Thus, although planned TAIEX events refer to the audit of the IPARD program, due to the limited duration, this cannot be considered an overlap. Proposed actions present smoothly continuation in strengthening capacities of AA, with focus on capacities of Department for audit of the program of agricultural and rural development.

10. Indicators for performance measurement

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

Component 1 - Result 1:

- Indicator 1 - Analysis of the relevant EC regulation, guidelines and requirements related to specifics of Measures 7 and 9 conducted;
- Indicator 2 - At least 7 AA auditors trained through pilot audits, on-the-job trainings and hand-on trainings on audit of measures 7 and 9;
- Indicator 3 - Two study visits of Montenegrin auditors conducted (5 working days each, 7 participants per study visit);

Component 1 - Result 2:

- Indicator 1 - Auditors trained on basic knowledge on IT security through on-the-job trainings;
- Indicator 2 - Checklists updated according to ISO/IEC 27002 requirements;
- Indicator 3 - Finalised procedures and checklists according to ISO/IEC 27002 introduced to the Audit Authority staff.

Component 1 - Result 3:

- Indicator 1 - AA auditors gained practical knowledge on IACS and use of IACS elements and databases;
- Indicator 2 - Auditors trained on PRAG rules through on-the-job trainings;
- Indicator 3 - Finalised procedures and checklists related to IACS measure introduced to the Audit Authority staff.
- Indicator 4 - Finalised procedures and checklists according to PRAG rules introduced to the Audit Authority staff.

Component 2 - Result 4:

- Indicator 1 - Analysis of the relevant EC regulation, guidelines and requirements related to IPARD III conducted;
- Indicator 2 - Updated/ further developed Manual of procedures for IPARD, including checklists and working papers;
- Indicator 3 - Finalised Audit Manual for IPARD introduced to the Audit Authority staff

Component 2 - Result 5:

- Indicator 1 - Training needs analysis for the Audit Authority staff (auditors) conducted;
- Indicator 2 - Training programme for the Audit Authority developed in line with TNA
- Indicator 3 - At least 7 AA auditors trained through pilot audits, on-the-job trainings and internships for senior auditors as an active learning method on audit the IPARD III, with focus on new requirements, new measures;
- Indicator 4 - Internship for three senior auditors conducted (each internship 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. Office space to accommodate the twinning experts at a time with internet/landline phone; meeting rooms and facilities available for training and seminars.

ANNEXES TO PROJECT FICHE

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

Annex C1b: Simplified Logical Framework

	Description	Indicators (with relevant baseline and target data)	Sources of verification	Risks	Assumptions (external to project)
Overall Objective	The overall objective is to prepare Montenegro for sound financial management of IPARD III and after accession for EAGF and EAFRD in line with EU requirements, which will at the same time contribute to fulfilment of obligations from Negotiation chapters 11 Agriculture and rural development, 22 Regional Policy and Coordination of Structural Instruments as well as chapter 32 Financial Control	-Improved quality of Annual audit activity Report -Sound financial management system for implementation of IPARD III and after accession of agriculture funds established	-Relevant Audit Authority reports and opinions -Clarifications with EC	-Lack of absorption capacity of the IPARD AA team if it is not reinforced, bearing in mind the work to be done for the two IPARD programmes and the twinning going in parallel -Poor expert pool with experience in audit of IPARD/Agriculture funds	-Full commitment of the parties involved -Strong cooperation within relevant parties involved in implementation of project

Specific (Project) Objective(s)	The project specific objective is to assist Audit Authority of Montenegro, in strengthening of institutional and administrative capacities for efficient and effective audit of IPARD III programme and preparation for the future certification work for EAGF and EAFRD as Certification Body, through comprehensive trainings (presentations, on the job trainings, internships and study visits) and round off of procedures.	-Audit Manual, including checklists and working papers upgraded -Capacity of Department for audit of the program of agricultural and rural development enhanced	-Audit Manual -Twinning project reports -Twinning project documents -List of participants on trainings -Minutes from steering committee meetings	-Lack of absorption capacity of the IPARD AA team -Poor expert pool with experience in audit of IPARD/Agriculture funds	-Full commitment of the parties involved -Strong cooperation within relevant parties involved in implementation of project
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Mandatory results/outputs by components	Result 1: Audit Authority staff trained on audit of measure 7 Farm diversification and business development and Measure 9 Technical assistance	- At least 7 AA auditors trained through pilot audits, on-the-job trainings and hand-on trainings on audit of measures 7 and 9, in order to enhance productivity, satisfaction, and retention within our organisation.	Twinning project reports Twinning project documents Audit Manual, including checklists and working papers	-Lack of absorption capacity of the IPARD AA team -Poor expert pool with experience in audit of IPARD/Agriculture funds	-Full commitment of the parties involved -Good communication and cooperation between relevant parties involved in implementation of project
	Result 2 Increased level of knowledge on IT security/digitalisation used/needed in the IPARD entities/ future MS authorities (auditees) relevant for the current tasks and updated AA checklists according to ISO 27002 standard	- At least 7 AA auditors trained on basic knowledge on IT security through on-the-job-trainings and updated checklists according to ISO/IEC 27002	Presentations List of participants Training programme Training materials Study visit reports Internship reports	-Fluctuation of trained staff	-no delays in implementation -Staff of the project beneficiary fully available for project implementation
	Result 3 Comprehensive trainings on IACS and PRAG rules and development of procedures, checklists and working papers related to audit of IACS measures as well as according to PRAG rules	Auditors trained on IACS and PRAG rules and development of relevant checklists.			-Trained employees remain in service

	Result 4 Revised Audit Manual in line with requirements for the audit of IPARD III Programme	-After analysing legislation and guidelines for IPARD III, update / further development of Manual of procedures for audit of IPARD, including checklists and working papers			
	Results 5 AA staff trained on audit of the IPARD III programme as a basic preparation for audit of EAGF and EAFRD, with focus on new requirements, new measures	-At least 7 AA Auditors trained through pilot audits, on-the-job trainings and internships for senior staff as an active learning method on audit the IPARD III, with focus on new requirements, new measures			

Activities	Activity 1.1 Developing Training Programme and preparing training materials regarding audit of measures 7 and 9. Experts shall go through the developed checklists for these measures and give comments and suggestions for improving them	1 - Analysis of the relevant EC regulation, guidelines and requirements related to specifics of Measures 7 and 9 conducted;	Twinning project reports Twinning project documents Audit Manual, including checklists and working papers	-Lack of absorption capacity of the IPARD AA team -Poor expert pool with experience in audit of IPARD/Agriculture funds	-Full commitment of the parties involved -Good communication and cooperation between relevant parties involved in implementation of project
	Activity 1.2 On the basis of the training programme, organising and conducting on-the-job trainings for at least 7 staff members of the Department. In addition to the presentations, experts shall support AA staff during ongoing audit engagements.	2 - At least 7 AA auditors trained through pilot audits, on-the-job trainings and hand-on trainings on audit of measures 7 and 9;	Presentations List of participants Training programme Training materials Study visit reports Internship reports	-Fluctuation of trained staff	-no delays in implementation - Adequate absorption capacity and target staff of the project beneficiary fully available for project implementation
	Activity 1.3. Hands-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 focus on specific issues based on AA needs	3 - Two study visits of Montenegrin auditors conducted (5 working days each, 7 participants per study visit);			-Trained employees remain in service

	(measure 7 specificities, IACS, construction, production factories, etc) and preparing the study visit report. Activity 2.1. Organising and conducting on-the-job trainings for at least 7 staff members of the Department related to IT security measures Activity 2.2. Updating/further development of checklists and working papers for audit of Information security system Activity 2.3. Introducing updated and new documents related to Information system security. Additionally, experts shall support AA staff during ongoing audit	1 - Auditors trained on basic knowledge on IT security through on-the-job trainings; 2 - Checklists updated according to ISO/IEC 27002 requirements; 3 - Finalised procedures and checklists according to ISO/IEC 27002 introduced to the Audit Authority staff.			
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	engagements. Activity 3.1 Organising and conducting on-the-job trainings for at least 7 staff members of the Department related to IACS and IACS elements and databases Activity 3.2 Organising and conducting on-the-job trainings for at least 7 staff members of the Department related to PRAG procedures as obligatory for measures 6 and 9 Activity 3.3 Development of procedures, checklists and working papers related to audit of IACS measures as well as according to PRAG rules	1 AA auditors gained practical knowledge on IACS and use of IACS elements and databases; 2 Auditors trained on PRAG rules through on-the-job trainings; 3 Finalised procedures and checklists related to IACS measure introduced to the Audit Authority staff. 4 Finalised procedures and checklists according to			
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	Activity 4.1 Conducting analysis of relevant requirements regarding regulations and audit requirements for IPARD III programming period 2021-2027 Activity 4.2. Updating / further development of Audit Manual for IPARD with supporting checklist and working papers for the audit of IPARD III Activity 4.3. Introducing manual to AA staff. Additionally, experts shall support AA staff during ongoing audit engagements. Activity 5.1	PRAG rules introduced to the Audit Authority staff. 1 - Analysis of the relevant EC regulation, guidelines and requirements related to IPARD III conducted; 2 - Updated/ further developed Manual of procedures for IPARD, including checklists and working papers; 3 - Finalised Audit Manual for IPARD introduced to the Audit Authority staff			
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	Conducting training needs analysis for the entire Audit Authority and accordingly developing a training programme for trainings, seminars and workshops. Activity 5.2 On the basis of the Training programme, organising and conducting on-the-job trainings for at least 7 staff members of the Department regarding the new programming period 2021-2027 (IPARD III) with specific focus on new requirements, new measures. In addition to the presentations, experts shall support AA staff during ongoing audit engagements. Activity 5.3 Organising and conducting 3 internships for Audit Authority experienced IPARD employees in the EU Member State (1 employee per internship, duration of 2 weeks) as hand-on	1 - Training needs analysis for the Audit Authority staff (auditors) conducted; 2 - Training programme for the Audit Authority developed in line with TNA 3 - At least 7 AA auditors trained through pilot audits, on-the-job trainings and internships for senior auditors as an active learning method on audit the IPARD III, with focus on new requirements, new measures (especially 4 and 6) and new procedures of work compared to IPARD II; 4 - Internship for three senior auditors conducted (each internship in duration of 10 working days);			
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	training in order to gain first-hand experience and preparing the corresponding report.				
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Annex 2: List of relevant laws and regulations

1. Reg (EU)2021/1529 Regulation establishing the Instrument for Pre-accession Assistance (IPA III) from September 2021
2. Commission Implementing Regulation (EU) 2021/2236 from 15th December 2021 on the specific rules for implementing Regulation (EU) 2021/1529 of the European Parliament and of the Council establishing an Instrument for Pre-accession Assistance (IPA III).
3. Commission Delegated Regulation (EU) 2021/2128 from 01 October 2021 setting out certain specific objectives and thematic priorities for assistance under the Instrument for Pre-Accession Assistance (IPA III) supplementing Regulation (EU) 2021/1529
4. Law on Audit of EU Funds (“Official Gazette Montenegro”, No. 14/12, 54/16, 37/17 and 70/17).
5. The Financial Framework Partnership Agreement between European Commission and Montenegro represented by the Government of Montenegro on specific arrangements for implementation of Union financial assistance to Montenegro under the Instrument for Pre-accession Assistance (IPA III) from 21st October 2022 (“Official Gazette Montenegro”, No. 006/22).
6. The Sectoral Agreement between the Government of Montenegro and the European commission setting out provisions for the management and implementation of union financial assistance to Montenegro under the Rural development programme of the Instrument for pre-accession assistance (IPARD III) from 12th January 2023 (“Official Gazette Montenegro”, No. 001/2023).
7. Financing agreement for implementation of IPARD III Programme signed between the Government of Montenegro and the European Commission for the years 2021–2027 setting out the provisions for the entrustment of budget implementation tasks to Montenegro from 2nd February 2024;
8. Programme for the Development of Agriculture and Rural Areas - IPARD III Programme C (2022)4726 was adopted on 29th June 2022 and amendments from 14th December 2023 and 22th July 2024.
13. Government Decree on the implementation and procedures for use of Funds from the Instrument for Pre-Accession Assistance (IPARD III Programme)- ("Official Gazette of Montenegro" No. 020/24 from 7th March 2024 and Amendments to this Decree ("Official Gazette of Montenegro" No.076/24 from 02/08/2024))
14. Practical Guide to contract procedures for European Union external actions (PRAG);
15. ISO/IEC 27002
16. The European Commission's guidelines governing the audit work (Guideline no 2 - IPARD Audit Strategy Ref. Ares (2014)8820434 - 10/12/2024, Guideline no 3 IPARD Annual audit activity report Ref. Ares (2024)1140829 – 13/02/2025, Guideline no 5 - IPARD Annual Accounts Ref. Ares (2025)897459 – 05/02/2025, Guideline no 8 – IPARD Audit opinion Ref. Ares (2025)898851 – 05/02/2025)