

AD 2/26

LIMITE

CONF-ME 2

**ACCESSION DOCUMENT**

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Subject: EUROPEAN UNION COMMON POSITION  
- Chapter 32: Financial Control

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## **EUROPEAN UNION COMMON POSITION**

### **Negotiating Chapter 32: Financial control**

This position of the European Union is based on its general position for the Accession Conference with Montenegro (AD 23/12 CONF-ME 2) and is subject to the negotiating principles endorsed therein, in particular:

- any view expressed by either party on a chapter of the negotiations will in no way prejudice the position which may be taken on other chapters;
- agreements - even partial agreements - reached during the course of the negotiations on chapters to be examined successively may not be considered as final until an overall agreement has been established;
- the requirements set out in points 24, 28, 41 and 44 of the Negotiating Framework.

The EU encourages Montenegro to continue the process of alignment with the EU *acquis* and its effective implementation and enforcement, and in general to develop already before accession, policies and instruments as close as possible to those of the EU.

The EU notes that Montenegro, in its negotiating positions AD 8/14 CONF-ME 4 and AD 30/25 CONF-ME 14 accepts the EU *acquis* under chapter 32 as in force on 18 November 2025, and that it will be ready to implement it by the date of its accession to the European Union.

## **Public Internal Financial Control (PIFC)**

The EU acknowledges that Montenegro has developed a comprehensive regulatory, policy, institutional, and operational framework for internal control and audit, which is in line with international standards. The EU expects Montenegro's operational framework for the PIFC to be further strengthened, particularly for public enterprises and municipalities. Internal control policy objectives and actions are part of the Public Administration Reform Strategy 2022-2026 and the Public Financial Management Reform Programme 2022-2026, ensuring that the reform and application of public internal financial control are treated as an integral part of broader public administration reform.

The EU also notes that Montenegro has continuously improved effective implementation of managerial accountability in the public administration, in order to further support the functioning of the PIFC system and the efficient management of administrative and budgetary resources. The EU invites Montenegro to ensure full implementation of the regulatory framework on managerial accountability as per commitment provided, including through a detailed definition of duties and an increased delegation of authorities, fiscal discipline, safeguarding assets, setting objectives and reporting with full consideration of the ongoing budget, accounting and other applicable reforms.

The EU recognises the ongoing progress in upgrading the primary and secondary legislation related to public internal financial control, with the objective of aligning further with the EU and international standards and addressing practical implementation challenges. Based on this strengthened framework, the EU acknowledges progress, notably through the adoption of secondary legislation specifying rules and guidelines for internal control and strengthening administrative capacities for their application across the public sector, including in the areas of risk and irregularity management.

The EU particularly welcomes the most recent regulatory improvements, which reinforce governance and managerial accountability in budgetary and human resource management, enhance the quality and independence of internal audit through harmonisation with international standards, and establish a more effective framework for risk management and the follow-up of irregularities.

The EU encourages Montenegro to further ensure that the future strategic development of internal control systems and related regulations are well aligned with the ongoing amendments of legislation on public finance management and public administration reform. The EU also invites Montenegro to ensure that future strategic development of internal control systems target public institutions' management and staff awareness on need of effective compliance with internal control and internal audit for sound management of budgetary and administrative resources.

The EU notes continuous progress in strengthening the operational framework for internal audit, and its functioning through methodological improvement, increased quality assurance and professionalisation of the internal audit system including the certification and training of internal auditors. The EU expects Montenegro to (1) further improve productivity of internal audit functions by strengthening cooperation between governing bodies and internal audits; (2) continue upgrading the administrative capacities by expanding professional training and certification to address staffing shortages and expedite the job systematisation process and regular filling of vacancies; (3) improve audit planning, documentation, and reporting with a view to enhance productivity and reduce administrative workload. Regarding risk management, the EU notes tangible progress in establishing a comprehensive regulatory and institutional framework as part of governance and internal control processes in Montenegro's public administration. The EU acknowledges the system's increased efficiency, as demonstrated by the growing number of entities with designated risk management officers and established risk registers across the public sector.

The EU notes, with regard to irregularity management, that the regulatory framework is well established and provides adequate guidance for implementation. The overall system for preventing and addressing irregularities has been further aligned and strengthened, with clearer institutional responsibilities and procedures. The EU further notes an increase in the number of designated officers for irregularity management, as well as transparently reported cases of suspected fraud detecting an increase. The EU expects Montenegro to continue enhancing administrative capacities to ensure more effective implementation of risk and irregularity management systems, through regular trainings, quality assurance, and the establishment of a centralised mechanism for reporting and data collection on irregularities.

Furthermore, the EU notes that administrative capacities have been strengthened to enhance audit functions in State-owned enterprises and social security funds and that continuous measures are undertaken for their improvement.

The EU also notes that the new Budget Inspection Law establishes a financial budget inspection function that is fully separated, both organisationally and functionally, from internal audit. In view of Montenegro's commitment to further strengthen the complementarity between budget inspection and internal audit through additional safeguards during implementation, the EU expects Montenegro to continue implementing the new Budget Inspection Law and relevant amendments adopted end of 2025.

## External audit

The EU acknowledges that Montenegro has developed a robust legal framework for external audit in line with the EU and international standards and best practices. The State Audit Institution (SAI) of Montenegro has established a comprehensive regulatory, institutional, and operational framework that reflects the principles and good practices promoted by the International Organisation of Supreme Audit Institutions (INTOSAI).

In this regard, the EU notes that Montenegro has ensured the SAI's financial, functional, and institutional independence in accordance with INTOSAI standards, including through its Constitution, and by putting in place the corresponding legislation. This allows the SAI to carry out its mandate effectively and impartially. The SAI conducts both financial and performance audits, thereby contributing to improved transparency, accountability, and sound management of public finances. While recognizing that the SAI has strengthened its administrative capacity, the EU expects vacancies to be filled. The EU expects Montenegro to continue ensuring the SAI's financial, functional and institutional independence.

Moreover, the EU recognises the progress made in strengthening the audit methodology, reporting practices, and follow-up mechanisms on audit recommendations, which contribute to the effective oversight of public expenditure and the enhancement of public sector governance, notably by the Parliament. The EU invites Montenegro to provide regular updates on the follow-up to SAI's audit findings and expects Montenegro to improve the implementation of the SAI reports findings and recommendations.

Furthermore, the EU invites Montenegro to further strengthen the SAI's cooperation with INTOSAI and EUROSAI and the European Court of Auditors. The EU also notes Montenegro's commitment to further enhance cooperation between the Parliament and the Government.

### **Protection of the EU's financial interests**

The EU takes note of Montenegro's commitment to comply with Article 325 of the Treaty on the Functioning of the European Union (TFEU), including close and regular cooperation between the Commission and competent authorities.

The EU notes that Montenegro has finalised the process of aligning its national legislation with the Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (i.e., PIF Directive) through the adoption of the Law amending the Criminal Code of Montenegro on 14 October 2025 (Decree on the proclamation of the Law amending the Criminal Code of Montenegro, No. 01-009/25-1967/2), which entered into force on 22 October 2025 ("Official Gazette of Montenegro", No. 121/25).

The EU acknowledges that an Anti-Fraud Coordination Service (AFCOS) has been designated within the Ministry of Finance, and that its administrative capacity has been strengthened. A corresponding AFCOS network of the relevant national authorities involved in the protection of the EU's financial interests has been set up as well, and it has been enhanced through training.

The EU recognises that a national strategy for fighting against fraud and irregularity management for the protection of the EU's financial interests for the period 2025-2028 has been adopted in July 2025, as well as the accompanying action plan for the period 2025-2026.

The EU notes that cooperation with the Commission on investigations has proven to be effective and efficient and that Montenegro is building a track-record of reporting of irregularities by continuing to report irregularities in the Irregularities Management System (IMS).

The EU expects Montenegro to further strengthen its administrative capacity and maintain its network of anti-fraud bodies, as well as to continue implementing the action plan of the current national anti-fraud strategy. The EU invites Montenegro to ensure that the reporting of irregularities and fraud under the obligations set in the financing agreement keeps on improving along the positive trend of the last years.

### **Protection of the Euro against counterfeiting**

The EU notes Montenegro signed and ratified the 1929 Geneva Convention on the Suppression of Counterfeiting Currency by adopting the Law on Ratification of the Geneva International Convention for the Suppression of Counterfeiting Currency on 13 October 2015 (“Official Gazette of Montenegro – International Treaties”, No. 12/15). The EU acknowledges that the legal framework of Montenegro is aligned with the relevant EU acquis on the protection of the Euro against counterfeiting. To this regard, the Central Bank of Montenegro adopted the Decision on the Handling of Suspicious Specimens of Euro Banknotes and Coins and other Activities for the Protection of the Euro against Counterfeiting (“Official Gazette of Montenegro”, No. 35/11 and 61/18) to align with the Council Regulation (EC) 1338/2001 and the Council Regulation (EC) 1339/2001 extending the effects of Regulation (EC) 1338/2001.

Furthermore, the Central Bank of Montenegro adopted the Decision on Medals and Tokens similar to Euro Coins (“Official Gazette of Montenegro”, No. 44/14 and 61/18) to align with the Council Regulation (EC) 2182/2004 and the Council Regulation (EC) 46/2009 amending Regulation (EC) 2182/2004, and with the Council Regulation (EC) 2183/2004 and the Council Regulation (EC) 47/2009 amending Regulation (EC) 2183/2004.



The EU considers that Montenegro ensures sufficient administrative capacity for the technical analysis and classification of counterfeited Euro banknotes and coins, and put in place an adequate system for their authentication, as attested by the adoption by the Central Bank of Montenegro of the Decision on the Fitness and Authenticity of Banknotes and Coins on 31 July 2024 (“Official Gazette of Montenegro”, No. 78/24). Additionally, the EU takes notes of the continued activities to protect the Euro against counterfeiting in line with harmonised EU and ECB regulations and standards, including regular cooperation and exchange of information.

The EU takes note of the plans of Montenegro to continue participating in the Pericles IV programme actions, as well as to further cooperate with the Commission, the European Central Bank and a number of EU Member States’ Central Banks. The EU underlines the importance of protecting the independence of the Central Bank, including its financial independence, and transparent, impartial appointments of vice-governors and board members.

The EU invites Montenegro to ensure that the national analysis centre has sufficient administrative capacity for technical analysis and that it continues international cooperation.

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In view of the above considerations, the EU notes that, at this stage, this chapter does not require further negotiations.

Monitoring of progress in the alignment with and implementation of the EU acquis will continue throughout the negotiations. The EU underlines that it will devote particular attention to monitoring all specific issues mentioned above with a view to ensuring Montenegro's administrative capacity to enforce the EU acquis in this chapter. Specific consideration needs to be given to the links between the present chapter and other negotiation chapters. A final assessment of the conformity of Montenegro's legislation with the EU acquis and of its implementation capacity can only be made at a later stage of the negotiations. In addition to all the information the EU may require for the negotiations in this chapter and which is to be provided to the Conference, the EU invites Montenegro to regularly provide detailed written information to the Stabilisation and Association Council on progress in the implementation of the EU acquis.

In view of all the above considerations, the EU will, if necessary, return to this chapter at an appropriate moment.

The EU notes that Montenegro, in its negotiating positions AD 8/14 CONF-ME 4 and AD 30/25 CONF-ME 14 accepts the acquis under chapter 32 as in force on 18 November 2025. Furthermore, the EU notes that Montenegro declares that it will continue the alignment process with the acquis and that it will be ready to implement it by the date of its accession to the European Union.

Furthermore, the EU recalls that there may be new acquis in this chapter between 18 November 2025 and the date of accession.