



CENTRALNA BANKA CRNE GORE

Odbor za reviziju

# **CENTRAL BANK OF MONTENEGRO AUDIT COMMITTEE REPORT 2025 (SUMMARY)**

Podgorica, January 2026



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## GENERAL REMARKS

Pursuant to the Central Bank of Montenegro Law (OGM 040/10, 046/10, 006/13, 070/17, 125/23) the Audit Committee (the Committee) is the standing body of the Council of the Central Bank of Montenegro (the Council). The Committee was established on 30 November 2010 and has been functioning continuously. The scope of work and the modus operandi of the Committee are regulated in detail by the Rulebook No. 0101-4014/7-4 of 28 January 2011 and No. 0101-2213-4/21 of 30 March 2021) and the Rulebook on the Work of Audit Committee (the Rulebook) (No. 06-211-3/2021). The Audit Committee has three members, of which two members are members of the Council and one member is an expert with the professional experience in accounting or auditing. Pursuant to the Decision on Establishing the Audit Committee (Decision no. 0101-6811-2/2018), the Audit Committee members were president Ruždija Tuzović, prof. dr Milorad Jovović, member, and prof. dr Nevenka Glišević, member, until 17 March 2025, when she was replaced by new Committee Member, Ksenija Barjaktarović. With the new Decision on Establishing the Audit Committee (No. 0101-162-3/2026 of 12 January 2026), Ksenija Barjaktarović, president, mr Šučo Orahovac, member and dr Tamara Backović, member were appointed as the Committee members.

Pursuant to the Rulebook, the Committee shall prepare and submit for adoption an annual report on its work to the Council, no later than the end of January of the current year for the previous year. The annual report on the Committee's work for 2025 summarises the results of the Committee in the past year and presents information about its meetings, the key issues discussed, positions taken, proposals, opinions and recommendations that have an impact on risks, business processes and internal controls in the operations of the Central Bank of Montenegro (CBCG).

Pursuant to its obligation from the Rulebook, the Committee held fifteen (15) meetings in 2025. In addition to Committee president and members, these meetings were attended by Chief Internal Auditor and the Director of the Directorate for Finances, Accounting and Controlling. Depending on the Committee meeting agenda, the meetings were also attended by managers and/or representatives of the CBCG's organisational units. Pursuant to the Rulebook, the Committee communicated with the external auditor, especially at the start of the audit, when it discussed the planned activities in the audit and at its end when it discussed issues for which the Committee or the external auditor considered to be analysed, and particularly the findings, remarks and external auditor's recommendations. For

transparency purposes, the key information of the Committee's role and activities were published on the CBCG website.

Pursuant to Article 73 paragraph 3 of the Central Bank of Montenegro Law, the Committee submitted to the Council the positions, opinions and suggestions on the discussed issues. Pursuant to Article 13 of the Rulebook, the Committee reported to the Council on its work quarterly in 2025, and submitted the annual report on its work for 2024.

## 1. AUDIT COMMITTEE'S SCOPE OF OPERATIONS

In 2025, the Committee:

1. oversaw the functioning of the internal controls system;
2. oversaw and analysed financial reporting and monitored the execution of income and expenses relative to the CBCG's Financial Plan;
3. give opinion on the appointment of independent external auditor;
4. monitored and assessed the procedure of auditing the CBCG's financial statements;
5. monitored and analysed the compliance of the CBCG's operations with the law, other regulations and general acts;
6. oversaw the effectiveness and efficiency of the internal audit work and monitored the implementation of internal and external auditors' recommendations; and
7. performed other tasks under its competence.

### 1.1. OVERSEEING AND EVALUATING THE INTERNAL CONTROLS SYSTEM

In 2023, the Committee continuously oversaw the functioning of the internal controls system, both at the CBCG level and at the level of individual organisational units and business processes subject to audit.

Monitoring the application of the methodology for risk identification, measurement and managing, the Committee discussed and adopted:

- ***Report on operational risk management for the second half of 2024***
- ***Report on information security, July-December 2024***
- ***Report on the implementation of the activities related to business continuity, July-December 2024***

- ***Report on operational risk management for the first half of 2025***
- ***Report on information security, January-June 2025, and***
- ***Report on the implementation of the activities related to business continuity January-June 2025.***

## 1.2. MONITORING AND EVALUATING FINANCIAL REPORTING

In 2025, the Committee continuously monitored and evaluated financial reporting, and monitored the execution of income and expenses compared to the CBCG's Financial Plan, discussing:

- ***Financial statements for the year ending at 31 December 2024;***
- ***Analysis of financial statements of the CBCG for 2024;***
- ***Plan of executing the Investment Plan of the CBCG for 2024 (financial aspect);***
- ***Plan of executing the Public Procurement Plan of the CBCG for 2024 (financial aspect);***
- ***Decision on allocating the Central Bank of Montenegro's profit for 2024;***
- ***Quarterly reports in 2025, i.e., the Analysis of the Financial statements of the CBCG; Overview of Investment Plan execution and Overview of Public Procurement Plan execution, and***
- ***Decision on allocating the Central Bank of Montenegro's profit for 2025.***

In early December, the Committee discussed and adopted the **CBCG's Financial Plan for 2026 with the Investment Plan and Cash Flows Plan for 2026.**

## 1.3. APPOINTMENT OF INDEPENDENT EXTERNAL AUDITOR

At its February meeting, the Committee discussed and approved the **Guidelines for establishing the framework for the selection of an independent external auditor for the audit of financial statements of Central Bank of Montenegro.**

At end-March, the Committee reviewed the **Tender documentation for selecting the most favourable bidder for auditing the financial statements of the CBCG for 2025** and gave its agreement for initiating the open public procurement procedure.

At end-June, it discussed and accepted the **Information on the public procurement procedure for selecting the most favourable bid for auditing the CBCG's annual financial statements for 2025 with the proposal of the Commission for implementing the public procurement procedure.** Pursuant to Article 75,

paragraph 3 of the Central Bank of Montenegro Law and Article 7 of the Rulebook, the Committee gave its **opinion** to accept the proposal of the Commission for Opening and Evaluation of Bids, which considered the offer of the bidder “Ernst&Young Montenegro” Ltd Podgorica, using the capabilities of another business entity, “Ernst&Young Ltd Belgrade”, Serbia, for auditing the CBCG’s annual financial statements for 2025 (with the application of three-year framework agreement) as the valid and the best-priced offer.

#### **1.4. MONITORING AND ASSESSING THE PROCEDURE OF AUDITING OF FINANCIAL STATEMENTS OF THE CBCG**

In the process of monitoring the auditing of financial statements of the CBCG for 2024, the Committee accepted the “**External auditor’s report**” of a reputable audit company “HLB MONT AUDIT” Ltd Podgorica and “Grant Thornton” Ltd Banja Luka. The independent auditor gave a **positive opinion** to the CBCG’s financial statements for 2024, and stated, “*the accompanying financial statements give a true and fair view of the financial position of the Central Bank as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.*”

#### **1.5. MONITORING AND ANALYSING THE COMPLIANCE OF THE CBCG’S OPERATIONS WITH THE LAW, OTHER REGULATIONS AND GENERAL ACTS**

The Committee continuously monitored the compliance of the CBCG’s operations with the law, other regulations and general acts of the CBCG and establishing and applying high ethical standards and efficient performing of tasks conferred to CBCG employees. At end-May, the Committee discussed the **Report on Central Bank of Montenegro’s Compliance for 2024** provided for information. It stated that the Report presented activities and measures which the CBCG, its bodies and employees performed in 2024 to meet the obligations from the Law on Prevention of Corruption, improving integrity and strengthening ethical culture.

## 1.6. OVERSEEING THE EFFECTIVENESS AND EFFICIENCY OF THE INTERNAL AUDIT WORK

In 2025, the Committee discussed:

- ***Annual Internal Audit's Report for 2024.***
- ***Quarterly Report on Implementing the Internal Audit's Recommendations***
- ***Semi-Annual Internal Audit's Report for the period 1 January - 30 June 2025***
- ***Quarterly Report on Implementing the Internal Audit's Recommendations for the Second Quarter of 2025***
- ***Quarterly Report on Implementing the Internal Audit's Recommendations for the Third Quarter of 2025***

Moreover, the Committee discussed and accepted reports of fourteen (14) internal audits conducted in the organisational units of the CBCG.

At end-December, the Committee discussed and adopted the **Internal Audit's Working Plan for 2026.**

## 1.7. OTHER TASKS UNDER THE COMMITTEE'S COMPETENCE

Pursuant to Article 73 paragraph 3 of the Central Bank of Montenegro Law, the Committee submitted to the Council the positions, opinions and suggestions on the discussed issues.

At its January meeting, the Committee discussed and adopted the **Audit Committee Report for 2025**, done in line with the Rulebook. At its April meeting, the Committee discussed and adopted the **Audit Committee Report for the period 1 January - 31 March 2025**, at its July meeting, it adopted the **Audit Committee Report for the period 1 April - 30 June 2025**, and it adopted the **Audit Committee Report for the period 1 July - 30 September 2025** in early November.

## **2. PROPOSALS, OPINIONS, AND POSITIONS OF THE AUDIT COMMITTEE**

It gave its opinions, positions and proposals to the Council, management, Internal Audit and organisational units in the CBCG with a view to improving the efficiency of the internal control systems, effectiveness and efficiency of the CBCG's Internal Audit, monitoring the reliability timeliness and completeness of financial and other information of the CBCG's operations.

## **3. COOPERATION WITH INDEPENDENT EXTERNAL AUDITOR AND ORGANISATIONAL UNITS IN THE CBCG**

### **3.1. COOPERATION WITH INDEPENDENT EXTERNAL AUDITOR**

According to its obligation from the Rulebook, the Committee discussed:

- **Report/Presentation of the external auditor “HLB MONT AUDIT” Ltd Podgorica and “Grant Thornton” Ltd Banja Luka, in performing the audit of financial statements for 2024, in the final phase of performing the audit which presented the results of the performed audit of CBCG's financial statements for the previous year.**
- **Report/ on the plans for performing the audit by “Ernst & Young Montenegro” Ltd Podgorica with the sub-contractor “Ernst&Young” Lts Belgrade, Serbia, which presented the strategy of the CBCG's external auditor for 2025, significant risks and fraud risks, communication with the Internal Audit and planned procedures for performing final audit.**

### **3.2. COOPERATION WITH INTERNAL AUDIT AND ORGANISATIONAL UNITS IN THE CBCG**

The Committee cooperated well with the Internal Audit. It established exceptional cooperation with the Directorate for Finance, Accounting and Controlling, whose materials were praised and plentiful at the meetings, the Directorate for Operational Risk Management, Information Security and Business Continuity, and other organisational units.





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#### **4. CONCLUDING REMARKS**

According to the competencies defined in the Central Bank of Montenegro Law, the Committee continuously, timely, and reliably performed the aforementioned activities in 2025. According to its Rulebook, the Committee oversaw and evaluated the functioning of the internal controls system, operational risk management, financial reporting and external auditor's reports, the selection of the external auditor, the effectiveness and efficiency of the internal audit work in the CBCG and gave assessments on other issues under its competence.

#### **PREPARED BY**

Nataša Raičković Kantar, Secretary

#### **COMMITTEE CHAIR**

Ksenija Barjaktarović, m.p.