

# Internal Control Working Group

## Internal Control System in Big vs Small organizations

### Montenegrin experience

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- ❑ All subject in public sector are obliged to implement IC and IA (Law on Governance and Internal Control in Public Sector) and to annual reporting about IC and IA (only some budget users to CHU)
- ❑ There are rulebooks and guidelines for implementing IC and IA

# INTERNAL CONTROL

Based on COSO

## BIG ORGANIZATION

- Complex organization structure-authority and responsibility
- Clear rules and often rigid policies and procedures
- Reporting lines
- Professional advancement

### Common Challenges

- Communication
- True self-assessment

## SMALL ORGANIZATION

- Less rules and thus more flexibility in the work
- Stronger tone from the top

### Common Challenges

- Separation of duties
- Policies and procedures
- Documentation
- Oversight and review

## INTERNAL AUDIT

Establishing internal audit unit proscribe by Decree for establishing internal audit (min. 3)

### BIG ORGANIZATION

IA unit

Only in SOE - **Audit Committee**

### SMALL ORGANIZATION

- Performing an internal audit by an internal audit unit of another entity, based on the agreement, with the prior approval of the Ministry.
- The internal audit unit of an entity that supervises another entity in accordance with the law shall perform an internal audit with that entity too, if it has no established internal audit.

## Findings from Consolidated Report

- Irregularities and risk management- still more administrative activities
  - Control activities proscribes in regulatory framework
    - Information and communications are high score
      - Monitoring are the weakest component

**THANK YOU!**

