Law on Budget and Fiscal Responsibility

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I. BASIC PROVISIONS

Case

Article 1

This law regulates budget planning and execution, fiscal responsibility, loans and guarantees and other issues of importance for the budget of Montenegro (hereinafter: the state budget) and the budget of the local self-government unit (hereinafter: the municipal budget).

Use of gender-sensitive language

Article 1a

The terms used in this law for natural persons in the masculine gender imply the same terms in the feminine gender.

Meaning of the term

Article 2

The terms used in this law have the following meanings: 1) **the budget of state funds** is an estimate of the annual receipts and expenditures of the Pension and Disability Insurance Fund of Montenegro Gore, the Health Insurance Fund of Montenegro, the Employment Institute of Montenegro, the Compensation Fund and other funds established in accordance with the law; 2) **financing transactions** are receipts from loans, issued securities and repayment of loans and expenses for the overdue repayment of the debt principal based on loans and issued securities and outstanding obligations from the previous period and expenses for the purchase of securities;

3) **outstanding obligations from the previous period** are budget obligations that have not been paid on the payment due date and whose the obligation arose on the basis of the law and in accordance with the law and the contract;

4) **the program budget** is a part of the annual budget law that contains the activities and projects of individual consumer units that are implemented with the aim of efficient management of funds under programs and sub-programs, and that contribute to the achievement of strategic goals in accordance with the economic policy of the state; 5) **budget classification** is a system of unique classification on the basis of which the budget is prepared and executed, which includes: organizational, economic, functional, program and project classification;

6) **organizational classification** is a structure of codes used to classify consumer units and administrative bodies in the composition of consumer units;

7) economic classification is a structure of codes used to classify receipts, expenditures, assets and liabilities in accordance with the accepted international classification of state financial statistics; 8) **functional classification** is the classification of functions of the state and municipalities in accordance with the accepted international classification; 9) **program classification** is a structure of codes used to classify programs, subprograms, activities and projects; 10) **project classification** is the structure of codes used for the classification of capital projects; 11) **the general level of the state** is the central and local level of the state; 12) **the central level of the state** is state bodies and bodies of state administration, legal entities and economic companies that mainly provide services of public interest that are under management control and mostly financed by the state;

13) **the local level** is municipal bodies, legal entities and companies that mainly provide services of local interest and which are under management control and mostly financed by the municipality;

14) **national debt** is the debt of the central level of the state; 15) **public debt** is the debt of the central and local level, that is, the general level of the state; 16) **debt repayment** are transactions related to the repayment of long-term and short-term, domestic and foreign loans and securities from values, guarantees and outstanding obligations from previous years;

17) **public sector ,** state bodies, municipalities, public institutions, independent regulatory bodies, companies and legal entities in

in which the state or municipalities have a majority ownership share;

1 8) **independent regulatory** bodies are: Agency for Electronic Communications and Postal Activity, Agency for Electronic Media, Regulatory Agency for Energy, Securities Commission of Montenegro, Agency for Insurance Supervision, Agency for Medicines and Medical Devices and other independent regulatory bodies established in accordance with the law; 19) **consumer units** are state bodies, state administration bodies (ministries and administration bodies), the Protector of Human Rights and Freedoms, the State Audit Institution of Montenegro (hereinafter: the State Audit Institution), state funds, public institutions and other independent legal entities financed from the state budget, municipal authorities, local authorities and municipal public services;

20) **consumer units of the first level** are: the President of Montenegro, the Parliament of Montenegro (hereinafter: Parliament), judicial bodies, the Government - the General Secretariat of the Government of Montenegro and ministries, independent consumer units and state funds; 21) **independent consumer units** are independent administrative bodies and other legal entities that are not part of ministries, and are financed from the state budget;

22) **public institutions** are state-owned institutions that provide services of public interest (schools, hospitals, institutions culture, centers for social work and other public institutions established in accordance with the law);

23) **transfer loan** is a form of loan that the Government of Montenegro (hereinafter: the Government) received from another lender for lending to end users;

24) **swap contract** is a financial contract on lending for the purpose of risk protection under variable conditions in terms of interest rates and currencies;

25) **a derivative** is a financial security whose value partly derives from the value and characteristics of another security; 26) **multi-year expenses** are expenses for gross earnings, other personal income, social protection, monetary benefits of the Employment Agency of Montenegro, capital budget and other expenses whose payment obligation is determined by law and contracts for a period longer than one fiscal year;

27) **payments** are monetary transactions resulting in a decrease in the balance on the bank account; 28) **contracted obligation** is an assumed obligation that reserves funds for the payment of delivered goods and services; 29) **bank account** is an account for receiving, paying and transferring state money; 30) **state money** is money at the disposal of the state or municipality or public institutions at the central or local level; 31) **budget executor** is a person who is responsible for the execution of the spending unit's budget, that is, a person authorized by the budget executor to manage and dispose of state money;

32) **transfer** is the payment or transfer of property rights, without making a corresponding consideration; 33) **the main ledger of the treasury** is the basic ledger of double-entry bookkeeping, in which changes in account balances are recorded; 34) **general revenues** are revenues that finance public spending and whose purpose is not determined in advance by law; 35) **earmarked revenues** are revenues that finance public consumption and whose purpose is determined in advance by law; 35a) **Own funds of the European Union** are funds that Montenegro pays into the budget of the European Union, in accordance with regulations of the European Union on the system of own resources;

36) **own revenues** are revenues that the consumer unit realizes by performing its own activities or providing services.

II. PASSING THE BUDGET, RECORDS AND BUDGET MANAGEMENT

Validity period

Article 3

The budget is a financial plan based on annual estimates of receipts and expenditures.

Budgets are adopted for the fiscal year and are valid in the year for which they are adopted.

A fiscal year is a calendar year.

Content

Article 4

The budget contains the current budget, financing transactions, capital budget, budgets of state funds and reserves (current and permanent).

The budget shows expenditures and receipts according to the sources from which they originate.

The current budget is a plan intended for the financing or improvement of regular activities, as well as recurring expenses that relate to one fiscal year.

The current budget, which is used as a basis for calculating the percentage distribution of funds to consumer units in accordance with the law, does not include the European Union's own funds, funds from the funds of the European Union, funds from donations and funds from loans.

The capital budget is a plan that refers to a period of one year or to a period longer than one year, which increases the value of non-financial assets, and includes the acquisition of infrastructure, construction facilities, land and equipment from the public, that is, of general interest (at the state and local level).

Expenditures must be balanced with receipts.

Receipts

Article 5

Receipts include: 1)
current income (taxes, contributions, fees, fees, concessions and other income); 2) receipts from the
sale of assets; 3) receipts from loan
repayment; 4) donations and transfers;
5) loans and credits
(domestic and foreign); 6) other income, in accordance
with the law.

Expenses

Article 6

Expenditures include:

1) current expenditures for: gross earnings and employer contributions, other personal income, expenditures for materials and services, current maintenance, interest, rent, subsidies and other expenditures;
2) transfers for social protection; 3)
transfers to institutions, individuals, non-governmental and public sectors; 4) capital
expenditures for acquisition and investment maintenance of financial and non-financial assets; 5) given loans and
credits; 6) repayment of debts,
guarantees and obligations from previous years; 7) other payments, in
accordance with the law.

Proposer of regulations

Article 7

The proposer of a law or other regulation that results in a reduction of planned receipts or an increase in planned expenditures is required, in the proposal process, to propose sources of financing for reduced planned receipts and sources of financing of planned expenditures, that is, to determine the assessment of the fiscal impact of the proposed law or other regulation.

The proposer of a law or other regulation from paragraph 1 of this article may submit a request to the Fiscal Council of Montenegro, in order to give an opinion on the impact of the proposed law or other regulation on the stability of public finances and the application of fiscal responsibility criteria.

The Fiscal Council of Montenegro is obliged to submit, within 15 days from the date of receipt of the request referred to in paragraph 2 of this Article: opinion to the proposer.

Editor's note: provisions of clauses 2 and 3 of this version of the article apply from January 1, 2025.

Balancing the budget

Article 8

If during the fiscal year there is an increase or decrease in planned receipts or expenditures, a proposal can be prepared to balance the budget.

Balancing the budget is carried out by amending the budget, in the manner and according to the procedure prescribed for adopting the budget.

If during the fiscal year, due to extraordinary circumstances and needs, there is an increase or decrease in planned expenses planned receipts, the Government balances the budget.

The government submits the budget balancing proposal from paragraph 3 of this article to the Fiscal Council of Montenegro for its opinion.

The Fiscal Council of Montenegro is obliged, within 15 days from the date of receipt of the proposal from paragraph 3 of this article, to the Government and Submit an opinion to the Assembly.

Editor's Note: Provisions 4 and 5 of this version of the article apply from January 1, 2025.

Consolidated account

Article 9

The consolidated treasury account, in the sense of this law, is represented by all accounts where state money is recorded, and which are in the function of the state or municipal budget;

The consolidated treasury account is established and managed in the state administration body responsible for financial affairs (hereinafter text: Ministry of Finance).

Receipts and expenditures of the state budget and contractual obligations must be recorded in the general ledger of the treasury.

It is forbidden to pay expenses from the consolidated treasury account, if they are not approved by the law on the state budget for fiscal year (hereinafter: the law on the state budget).

When money previously recorded as an expenditure has been returned to the consolidated treasury account, such transaction will be reversed.

Bank account and reporting

Article 10

The Minister of Finance issues an order for opening bank accounts.

The budget executive can dispose of state money only on the basis of authorization issued by the Minister of Finance.

Bank accounts referred to in paragraph 1 of this Article must have the designation "state" in their names.

The budget executive is obliged to manage and dispose of the funds allocated to the budget and to report on receipts and expenditures in accordance with this law, the law on the state budget and the law regulating the system of internal financial controls in the public sector.

Banking Agreement

Article 11

The Ministry of Finance concludes a contract with the Central Bank of Montenegro (hereinafter: the Central Bank), for the performance of banking operations on behalf of the state.

Municipalities and independent regulatory bodies conclude contracts with the Central Bank for the performance of banking operations.

Exceptionally, if the Central Bank cannot organize the performance of operations from paragraphs 1 and 2 of this article, the Ministry of Finance, the municipality, or an independent regulatory body may conclude a contract for the performance of these operations with a bank, a resident of the country, including contracting an overdraft on the account.

Payment deferral

Article 12

The Ministry of Finance can postpone the collection of tax and non-tax claims belonging to the state budget, approve payment in installments and capitalize tax and non-tax claims for the purposes of regional development, restructuring of economic entities, as well as for other purposes, in accordance with the regulation issued by the Government.

The regulation from paragraph 1 of this article establishes the conditions for deferring the collection of tax and non-tax claims.

The proposed regulation from paragraph 1 of this article is submitted to the authority responsible for granting state aid.

Free funds

Article 13

Free funds from the consolidated treasury account, the Ministry of Finance can, in accordance with the guidelines of the debt management strategy, invest:

1) as deposits with the Central Bank or another bank with low credit risk in euros or another currency, 2) in government securities or other types of securities with low credit risk in euros or another currency.

Surplus or deficit

Article 14

The budget cash surplus, or deficit, represents the difference between receipts and expenditures, whereby receipts are reduced by loans, received transfers, receipts from the sale of assets and receipts from the repayment of loans and credits, and expenditures for repayment of the principal in the country and abroad on the basis of debt incurred by taking loans or issuing securities, expenditures for the purchase of securities and expenditures on the basis of loans and credits, which represent financing transactions.

The budget cash surplus or deficit is corrected for the amount of change in net liabilities from previous years which they do not have the character of loans.

The change in net liabilities from previous years is shown as the difference between the balance of liabilities at the beginning and at the end of the fiscal period.

Use of surplus and sources of deficit financing

Article 15

The law on the state budget determines the use of the budget cash surplus, as well as the sources of budget financing cash deficit.

The budget cash deficit is financed by taking long-term and short-term loans from domestic and foreign sources sources, by issuing long-term and short-term securities and from other sources of financing.

Short-term loans and securities from paragraph 2 of this article can also be used to ensure liquidity, no longer than twelve months, regardless of the limit of the annual increase in debt established by the law on the state budget.

The budget cash surplus can be used for early debt repayment and must be reported through the final account the state budget.

Records of receipts and expenditures

Article 16

Records of receipts and expenditures of the municipality's budget are made in accordance with the provisions of this law by which it is regulated state budget records.

The responsible person in the municipality manages the municipal budget, in the manner determined by the provisions of this law regulating it state budget management.

III. FISCAL POLICY AND RESPONSIBILITY

Fiscal strategy

Article 17

The fiscal strategy for the duration of the Government's mandate is adopted by the Parliament.

The Government prepares a proposal for a fiscal strategy and submits it to the Fiscal Council of Montenegro for its opinion, which is obliged to The opinion shall be delivered within 15 days from the date of delivery.

Along with the fiscal strategy proposal, the Government also submits the opinion from paragraph 2 of this article to the Parliament.

Editorial note: the provisions of paragraph 2 of this version of the article shall apply from January 1, 2025.

Fiscal policy guidelines

Article 18

Based on the Fiscal Strategy from Article 17 of this law, the Ministry of Finance is preparing a proposal for fiscal policy guidelines.

The proposal of guidelines from paragraph 1 of this article is submitted by the Ministry of Finance to the Fiscal Council of Montenegro for its opinion.

The Fiscal Council of Montenegro is obliged, within 15 days from the date of receipt of the proposal from paragraph 1 of this article, to the Ministry Finance submits an opinion.

At the proposal of the Ministry of Finance and based on the opinion of the Fiscal Council of Montenegro, the Government adopts Fiscal Policy Guidelines.

Fiscal policy guidelines from paragraph 4 of this article are adopted annually for a period of three years and contain: medium-term strategic goals of economic and fiscal policy, basic macroeconomic and fiscal indicators and projections, consumption limit, level of gross earnings and other personal income, expenditures for pension and disability insurance and other expenditures for social protection.

Editor's note: this version of the article applies from January 1, 2025.

Fiscal policy planning

Article 19

Fiscal policy is planned and implemented in accordance with the following criteria: 1)

primary budget cash surplus should be achieved; 2) the level of current

expenditures and transfers should be lower than current income and donations; 3) the borrowing policy

should be responsible and with increased attention to the rules of the profession, in order to provide security fiscal sustainability;

The primary budget cash surplus from paragraph 1 point 1 of this article is the budget cash surplus, less expenses based on interest.

Levels budget planning and execution

Article 20

Budget planning and execution is carried out in accordance with the following criteria: 1) the budget cash deficit of the general state level will not exceed 3% of GDP at market prices; 2) public debt will not exceed 60% of GDP at market prices.

The level of budget cash surplus, i.e. deficit and net borrowing at the annual level is determined annually by the law on the state budget, in accordance with the fiscal policy guidelines.

Net indebtedness from paragraph 2 of this article is the difference between indebtedness from loans and/or issued securities and repayment principal of the debt due.

Correction of the deficit, that is, the use of the surplus

Article 21

In order to eliminate the risk of instability of public finances, in the event that the public debt referred to in Article 20 paragraph 1 point 2 of this law exceeds 60% of GDP, the Government will establish a proposal for measures to reduce the public debt and submit a request to the Fiscal Council of Montenegro for an opinion regarding the proposal for these measures.

If in the course of the fiscal year there is a lower realization of income than planned or the need to increase expenditures, which may have negative effects on the established level of the budget cash surplus, i.e. the deficit and on net borrowing, the Government will establish a proposal for fiscal policy measures, in order to ensure the rehabilitation of the budget cash deficit, i.e. the use of the surplus from Article 20 paragraph 2 of this law, and submit a request to the Fiscal Council of Montenegro for an opinion regarding the proposal of those measures.

The Fiscal Council of Montenegro is obliged to submit an opinion on the proposal of measures to the Government and the Assembly within 15 days from the date of receipt of the request from paragraph 1 or 2 of this article.

Editor's note: this version of the article applies from January 1, 2025.

Spending limit

Article 22

The maximum level of budget spending, which is binding for the law on the state budget for the first year, and indicative for the second and third fiscal years, is determined by the spending limit from Article 18 paragraph 2 of this law.

The spending limit is determined as the sum of the spending limits for the current budget, the budget of state funds, the capital budget and budget reserve.

The growth rate of the consumption limit for the current budget and the budget of state funds must be lower than the planned real rate of GDP growth, i.e. for the capital budget and budget reserve cannot be higher than the rate of nominal GDP growth.

Coverage of spending limits

Article 23

The spending limit includes: 1) expenditures of the current budget, budget of state funds and capital budget and, 2) budget reserve.

The spending limit does not include:

1) debt repayment expenses and debt repayment interest; 2) donations from European Union funds and other donations; 2a) expenditures based on Own Funds of the European Union; 3) costs of co-financing donations if the donor provides a minimum of 55% of the necessary funds and, 4) expenses for financing material damage caused by natural disasters and other extraordinary and unpredictable circumstances, or due to force majeure.

Displaying the spending limit

Article 24

The spending limit is stated: 1) for the period of the next three fiscal years; 2) by distribution to the current budget, budget of state funds, capital budget and budget reserve; 3) distribution to the budgets of consumer units of the first level, which includes the budgets of consumer units over which these consumer units supervise; 4) determining limits for earnings and other personal income.

Consumer units of the first level are obliged to submit their own budget and the budgets of the consumer units over which they supervise plan and coordinate in accordance with the established spending limits from paragraph 1 point 3 of this article.

Report on the levels of surplus and deficit

Article 25

The Ministry of Finance prepares and publishes a report on the preliminary levels of budget cash surplus, i.e. deficit, public debt and net debt from Article 20 paragraph 2 of this law within 90 days from the end of the fiscal year on its website.

Evaluation of the application of fiscal responsibility criteria

Article 26

In order to determine the application of the criteria of fiscal responsibility from Art. 19 and 20 of this law, the Fiscal Council of Montenegro is obliged to give an opinion on the annual law on the final budget account and to submit that opinion to the Parliament and the Government within 30 days from the date of adoption of that law.

Exceptionally from paragraph 1 of this article, if the annual law on the final budget account is not adopted during the current for the previous fiscal year, the Fiscal Council of Montenegro is obliged to give an opinion by March 1 of the following fiscal year on the application of the criteria of fiscal responsibility from Art. 19 and 20 of this law on the basis of preliminary data and submit that opinion to the Assembly and the Government.

In order to give an opinion from paragraph 2 of this article, the Fiscal Council of Montenegro may submit a request to the Ministry of Finance to obtain preliminary data on the final budget account.

The Ministry of Finance is obliged to submit the preliminary data from paragraph 3 of this article to the Fiscal Council of Montenegro within 30 days from the date of receipt of the request.

Editor's note: this version of the article applies from January 1, 2025.

Fiscal rule for organolocal administrations

Article 27

The municipality's budget deficit in a given year cannot exceed 10% of its revenues in that year.

Exceptionally from paragraph 1 of this article, the municipality can submit a request to the Ministry of Finance for approval of exceeding the limit, or budget deficit above the specified level, no later than October 15 of the current year for the following year, only if the exceeding is aimed at financing capital expenditures.

The Ministry of Finance is obliged to respond to the municipality's request for exceeding the limit by October 31 at the latest.

The Ministry of Finance is obliged to suspend the transfer of the appropriate part of funds from the state budget to the municipality for the amount exceeding the budget deficit limit, carried out without approval from paragraph 2 of this article.

IIIa. FISCAL COUNCIL OF MONTENEGRO

Establishment of the Fiscal Council of Montenegro

Article 27a

For the purpose of independent assessment of the credibility of fiscal policy and improvement of fiscal responsibility through independent analysis of fiscal policy and compliance with fiscal responsibility criteria, the Fiscal Council of Montenegro (hereinafter: Fiscal Council) is established as an independent advisory body.

The Fiscal Council has the status of a legal entity.

The seat of the Fiscal Council is in Podgorica.

The Fiscal Council has a stamp with the coat of arms of Montenegro and the inscription: "Fiscal Council of Montenegro - Podgorica".

Editorial note: this article applies from January 1, 2025.

Scope of the Fiscal Council

Article 27b

The Fiscal Council:

1) provides an opinion on the impact of proposed laws or other regulations on the stability of public finances and the application of criteria fiscal responsibilities referred to in Article 7, paragraph 3 of this Law;

2) gives opinions on the budget balancing proposal from Article 8 paragraph 5 of this law; 3) gives opinions on the Fiscal Strategy proposal from Article 17 paragraph 2 of this law; 4) gives opinions on the proposal of fiscal policy guidelines from Article 18 paragraph 3 of this law; 5) gives opinions on proposed measures from Article 21 paragraph 1 of this law; 6) gives opinions on the annual law on the final budget account and an opinion on the application of the criteria of fiscal responsibility from Article 26 paragraphs 1 and 2 of this law;

7) gives an opinion on the draft law on the budget referred to in Article 33, paragraph 3 of this law; 8) analyzes macroeconomic and fiscal flows, fiscal risks and impacts of the pension and health system, planned and

granted concessions, planned and concluded contracts on public-private partnership, operations of municipalities and companies in which the state or municipality has a majority ownership share on the sustainability of public finances and the application of fiscal responsibility criteria.

Editorial note: this article applies from January 1, 2025.

Appointment and conditions for the appointment of members of the Fiscal Council

Article 27c

In order to nominate members of the Fiscal Council, the working body of the Assembly in charge of the budget issues a public call for the election of members of the Fiscal Council.

The public invitation referred to in paragraph 1 of this Article shall last at least 15 days and shall be published in the "Official Gazette of Montenegro", at least one of the printed media based in Montenegro and on the website of the Assembly.

The working body of the Parliament responsible for the budget area shall compile a list of candidates who meet the requirements from the public call for applications. paragraph 2 of this article.

The working body of the Assembly responsible for the budget shall inform the proposers referred to in paragraph 7 of this Article about the established list of candidates.

On the basis of the list from paragraph 3 of this article, the proposers from paragraph 7 of this article determine the proposal of one candidate for member Fiscal Council.

The working body of the Assembly responsible for the area of the budget is obliged to, without delay, inform the proposer from paragraph 7 of this article about the submitted proposal of a candidate for a member of the Fiscal Council, so that the same candidate is not proposed by other proposers.

The Fiscal Council consists of three members appointed by the
Assembly, namely: - one member at the proposal of the Assembly's working body responsible for the
budget area, - one member at the proposal of the President of
Montenegro, - one member at the proposal of the Government proposed by the Ministry of Finance.
A person who is a Montenegrin citizen and who has at least: 1) VII2 education qualification level - economics or law - can be
appointed as a member of the Fiscal Council; 2) ten years of work
experience in the field of macroeconomics, fiscal policy and public finance; No person may be appointed as a
member of the Fiscal Council who: 1) has been convicted of a criminal offense
that makes him unfit for work, or against whom criminal proceedings have been initiated
official duty;
2) performs the function of deputy or councilor; 3)
performs the function of a member of
the Government; 4) is a member of a political party or other entity that performs political
activity; 5) performs functions in the management and supervision bodies of spending units of the state budget or
municipalities. The members of the Fiscal Council are appointed for a term of six years and the same person can be appointed as a member advice at most twice.

Editorial note: this article applies from January 1, 2025.

President of the Fiscal Council

Article 27c

Members of the Fiscal Council elect the president of the Fiscal Council from among their members.

The president of the Fiscal Council is elected for a period of two years and the same person can be re-elected as president Fiscal Council.

The President of the Fiscal Council:

1) represents and coordinates the work of the Fiscal Council;

2) convenes and presides over sessions of the Fiscal Council; 3)
appoints a vice-president from among the members of the Fiscal Council, who performs this function in the absence of the president.

Editorial note: this article applies from January 1, 2025.

Decision-making method of the Fiscal Council

Article 27c

The Fiscal Council decides at a session if at least two members are present.

The Fiscal Council decides by a majority vote of the total number of members.

The members of the Fiscal Council are obliged to perform tasks within the scope of the Fiscal Council in a professional and impartial manner in accordance with the law, and may not participate in political activities or publicly express political beliefs.

Editorial note: this article applies from January 1, 2025.

Data access

Article 27d

Competent bodies, organizations and companies in which the state or municipality has a majority ownership share are obliged to submit data necessary for its work at the request of the Fiscal Council within 30 days from the date of receipt of the request. If the Fiscal Council does not receive the data within the period referred to in paragraph 1 of this article, it shall inform the Assembly thereof. Members of the Fiscal Council and

employees are obliged to, with the information they receive from the entities referred to in paragraph 1 of this article, they treat it as a trade secret.

The Fiscal Council can sign a memorandum on cooperation with bodies, organizations and companies from paragraph 1 of this article, for the purpose of more efficient data exchange.

Editorial note: this article applies from January 1, 2025.

Publicity of work

Article 27x

The work of the Fiscal Council is public.

Opinions and analyzes referred to in Article 27b of this law given or prepared by the Fiscal Council are published on the Internet Fiscal Council page.

Editorial note: this article applies from January 1, 2025.

Earnings and fees for the work of the Fiscal Council

Article 27e

The function of President and member of the Fiscal Council is professional.

The president and members of the Fiscal Council cannot perform any other public function, nor can they perform any other professional activity.

Exceptionally from paragraph 1 of this article, the president and members of the Fiscal Council may be engaged to perform scientific, educational and artistic activities, as well as to create works of authorship in accordance with the law.

The coefficient for the earnings of the president of the Fiscal Council is determined at the level of the coefficient for the earnings of the president of the Senate of the State Audit Institution, and the coefficient for the earnings of the member of the Fiscal Council is determined at the level of the earnings of the member of the Senate of the State Audit Institution, in accordance with the law.

Editorial note: this article applies from January 1, 2025.

Termination of mandate and dismissal of a member of the Fiscal Council

Article 27f

The position of the President and member of the Fiscal Council ends before the end of the mandate:

1) at personal request;

2) exercising the right to an old-age pension.

The President and member of the Fiscal Council shall be relieved of his

duties: 1) due to permanent loss of ability to perform his duties; 2) if he

performs the function of deputy or councilor, member of the Government or other public or other professional function activity or if he becomes a member of a political party or other entity that carries out political activity;

3) if he loses Montenegrin citizenship; 4) if he has

been convicted of an offense that makes him unworthy to hold office; 5) if he/she performs

the function unprofessionally or negligently.

The Fiscal Council is obliged to no later than six months before the end of the term of office of the president or member of the Fiscal Council inform the Parliament, the President of Montenegro and the Government thereof.

In case of termination, or dismissal from paragraphs 1 and 2 of this article, the Assembly shall inform the President of Montenegro and the Government thereof.

The working body of the Assembly responsible for the budget area should, within 30 days from the date of delivery of the notification from of paragraph 4 of this article, announces a public call for the election of members of the Fiscal Council in accordance with article 27c of this law.

Editorial note: this article applies from January 1, 2025.

Secretariat of the Fiscal Council

Article 27g

In order to carry out professional and administrative work in the Fiscal Council, the Secretariat of the Fiscal Council was established (in hereinafter referred to as: the Secretariat).

The Secretariat has a Professional Service and an Administrative-Technical Service.

The work of the Secretariat is organized and coordinated by the Secretary.

The Secretary of the Secretariat is appointed by the Fiscal Council on the basis of a public competition, for a term of five years and may be reappointed.

A person who has: 1) VII1 level of education qualification - economics or law can be appointed as the secretary of the Secretariat; 2) five years of work experience and at least two years of work experience in management positions; 3) passed professional exam for work in state bodies.

The coefficient for the salary of the Secretary of the Secretariat is determined at the level of the coefficient for the salary earned by the General Secretary of the Assembly in accordance with the law.

The regulations on civil servants and state employees apply to the rights and obligations of the employees of the Secretariat.

Employees in the Professional Service of the Secretariat can receive a salary supplement of up to 30% of the basic salary, in addition previously obtained consent of the Ministry of Finance.

Editorial note: this article applies from January 1, 2025.

Engagement of an external expert and education of professional bodies

Article 27h

The Fiscal Council may, for the purpose of more efficient performance of tasks referred to in Article 27b of this law, engage an external expert in in accordance with the law, that is, to educate professional bodies.

Editorial note: this article applies from January 1, 2025.

Act on internal organization and systematization

Article 27i

The Fiscal Council adopts an act on internal organization and systematization, with the prior opinion of the Ministry of Finance and the competent working body of the Assembly in charge of the budget.

Editorial note: this article applies from January 1, 2025.

Funds for the work of the Fiscal Council

Article 27j

Funds for the work of the Fiscal Council are provided in the budget of Montenegro.

The Fiscal Council independently decides on the use of budget funds.

The audit of the financial operations of the Fiscal Council is carried out by the State Audit Institution.

Editorial note: this article applies from January 1, 2025.

Passing the budget and reporting to the Fiscal Council

Article 27k

By September 15 of the current fiscal year, the Fiscal Council is obliged to submit a draft of the request of the Fiscal Council for the allocation of budget funds for the next fiscal year to the working body of the Assembly responsible for budget affairs and the Ministry of Finance, in accordance with the law.

The working body of the Assembly responsible for budget affairs, on the basis of the request from paragraph 1 of this article, by October 1 of the current fiscal year, determines the request for allocation of budget funds of the Fiscal Council for the next fiscal year and submits it to the Ministry of Finance.

The Fiscal Council is obliged to submit a work report for the previous year to the Assembly for review by March 31.

Editorial note: this article applies from January 1, 2025.

Statute

Article 27l

The Fiscal Council adopts a statute that contains: the headquarters of the Fiscal Council, internal organization, the way of working, the way of preparing and passing general and other acts of the Fiscal Council, the way of achieving and the amount of the salary supplement for employees in the Professional Service and other issues of importance for the work of the Fiscal Council, in accordance with the law.

The statutes are published on the website of the Fiscal Council.

Editorial note: this article applies from January 1, 2025.

IV. BUDGET PREPARATION AND PLANNING

Budget planning

Article 28

State budget planning is based on economic and fiscal policy, fiscal policy guidelines, economic growth projections and macroeconomic stability projections.

Expert guidance

Article 29

In January of the current year, the Ministry of Finance, on the basis of regulations for the preparation of the capital budget adopted by the Government, issues expert instructions for the preparation of the capital budget of spending units and municipalities, which propose capital projects for the next fiscal year.

Consumer units that have proposed capital projects are required to submit requests for the allocation of budget funds for submit capital projects to the Ministry of Finance by March 15 of the current, next fiscal year.

Fiscal policy guidelines from Article 18 of this law shall be adopted by the Government by the end of the current April for the next fiscal year.

Based on fiscal policy guidelines, the Ministry of Finance, in May of the current fiscal year based on the regulations for the creation of the program budget adopted by the Government, issues expert instructions for the preparation of budgets of spending units and budgets of municipalities for the next fiscal year.

The professional instruction from paragraph 4 of this article contains: basic fiscal policy guidelines, i.e. fiscal policy guidelines, spending limit for the next three years, fiscal restrictions, instructions, guidelines and deadlines for budget preparation and recommendations for the approximate amount of municipal expenditures, on the basis of which the spending unit and the municipality independently plan their expenditures.

Planning and coordination

Article 30

Consumer units of the first level in the budget planning process, in accordance with Article 24 of this law, plan and coordinate the budget planning of the consumer units over which they supervise and submit a request to the Ministry of Finance for the allocation of budget funds for the next fiscal year, with an estimate of the necessary budget funds for the next two years.

The request for allocation of budget funds contains: 1) current

- program budget; 2) financing

transactions; 3) capital budget; 4)

budgets of state funds;

5) assessment of expenditures

according to economic, functional, program, project and organizational classification, determined by the Ministry of Finance in accordance with international standards;

6) sources of financing; 7)

explanation of estimated expenditures and sources of financing.

Requests from consumer units are submitted by the end of July of the current, for the next fiscal year.

Draft law

Article 31

The Ministry of Finance, on the basis of fiscal policy guidelines and submitted requests for the allocation of budget funds, proposes expenditures for consumer units in the draft law on the state budget and, if there is a deficit, determines the sources of funds for its financing.

If during the preparation of the draft of the annual budget law there are disagreements between the Ministry of Finance and the Ministry of Consumer Affairs unit, the Ministry of Finance prepares a proposal for the final solution for the Government.

Deadline for preparation

Article 32

The Ministry of Finance prepares a draft law on the state budget and submits it to the Government in October.

The competent authority of the municipality prepares a draft decision on the municipal budget and submits it to the Ministry of Finance for inspection by November 1.

The competent authority of the independent regulatory body determines the proposal of the financial plan with the work plan for the following year i designates a representative of the independent regulatory body who will participate in the parliamentary procedure.

The proposal of the financial plan and the act on the appointment of the representative shall be submitted by the competent authority of the independent regulatory body to the Ministry of Finance until September 30 of the current year.

Determination of the draft law

Article 33

The draft law on the state budget is determined by the Government and submitted to the Assembly by November 15.

The government submits the draft law from paragraph 1 of this article to the Fiscal Council for its opinion.

The Fiscal Council is obliged to submit an opinion within 15 days from the date of receipt of the draft law from paragraph 1 of this article. To the Government and the Parliament.

The proposal for a decision on the municipal budget is determined by the competent authority of the municipality and submitted to the municipal assembly by December 1.

Budget content

Article 34

The law on the state budget and the decision on the municipal budget contain general and special parts.

The general part contains: 1) assessment of current receipts and current expenditures and transfers, primary budget cash surplus, or deficit and budget cash surplus or deficit;

2) assessment of receipts and expenditures reported by economic classification; 3) the normative part of the budget, which more closely regulates its execution; 4) use of budget cash surplus and deficit coverage; 5) current and permanent budget reserve.

The special part contains expenses of consumer units by organizational, functional, economic, program and project classification.

The assessment of receipts and expenditures expressed by economic classification, as well as the special part of the budget, contains the maximum level of budget spending, which is binding for the law on the state budget for the first year, and indicative for the second and third fiscal years.

Opinion of the Ministry of Finance

Article 35

Before adopting the proposal for a decision on the municipal budget, the competent authority of the municipality obtains the opinion of the Ministry of Finance on the proposed level and structure of spending, salary policy, capital expenditures and sources of financing and the level of budget cash surplus or deficit.

The opinion from paragraph 1 of this article is attached to the proposal for a decision on the municipal budget, which is submitted to the municipal assembly consideration and adoption.

In case the opinion of the Ministry of Finance from paragraph 1 of this article is negative, the municipal assembly cannot adopt it Decision on the municipal budget.

Overview of receipts and expenditures

Article 36

Along with proposals for laws on the state budget and decisions on the municipal budget, an overview of planned receipts and expenditures for the next three fiscal years, including an overview of multi-year contractual obligations, multi-year expenditures and investment programs, is submitted to the Assembly, i.e. the municipal assembly.

Along with the draft law on the state budget, proposals for financial plans with a work plan for the next are submitted to the Assembly year of independent regulatory bodies, for adoption.

Temporary financing

Article 37

If the law on the state budget or the decision on the municipal budget is not adopted by December 31 of the current, for the following fiscal year, the Ministry of Finance, until its adoption, monthly approves funds to spending units up to the amount of 1/12 (one twelfth) of actual expenditures in the previous fiscal year, and the responsible person in the municipality, until the adoption of the municipal budget, approves funds in accordance with the law regulating the financing of local self-government.

Authorization of the responsible person in the municipality

Article 38

The person responsible for the preparation and planning of the municipal budget in accordance with the provisions of this law has the powers that, in in relation to the preparation and planning of the state budget, has the Minister of Finance.

V. BUDGET EXECUTION

General responsibility for execution

Article 39

The Minister of Finance is responsible for executing the state budget.

Execution dynamics

Article 40

Consumer units are obliged to use the funds within the limits established by the law on the state budget.

Consumer units are obliged to use the funds according to the dynamics approved by the Ministry of Finance.

Exceptionally from paragraph 2 of this article, the funds determined by the annual state budget law for the Assembly of Montenegro shall be used according to the dynamics determined autonomously by the General Secretary of the Assembly. The Government of Montenegro, that is, the competent ministry, cannot suspend, postpone or limit the execution of the budget related to the Parliament of Montenegro without the consent of the President of the Parliament of Montenegro.

The budget executor is responsible for the legal use of funds granted to the consumer unit.

The contracted obligations of the consumer unit must be in accordance with the planned and approved funds in accordance with the state budget law.

The consumer unit can assume new contractual obligations, which will be realized in the next fiscal year, provided that this expenditure is defined as a multi-year expenditure in the current budget, with the prior consent of the Ministry of Finance.

Assigned revenues

Article 41

Dedicated income and income generated from the activities of consumer units are paid into bank accounts from Article 10 of this law.

Revenues from paragraph 1 of this article are used to finance expenditures of consumer units according to the purpose established by law.

Revenues of public institutions from performing activities

Article 42

Public institutions that generate income from their own activities, which are not included in the consolidated treasury account, can use these incomes to finance current and capital expenditures, with the approval of the Ministry of Finance on the income and expenditure plan for the fiscal year and prior notification of the state administration body that supervises and approves them.

The income and expenditure plan referred to in paragraph 1 of this article shall be submitted to the Ministry of Finance and the state administration body that executes it supervision of a public institution no later than December 1 of the current, for the next fiscal year.

Current reserve

Article 43

For unplanned and insufficiently planned expenditures during the fiscal year, funds from the current reserve are used.

Permanent reserve funds are used for urgent and unforeseen expenditures during the fiscal year.

The Ministry of Finance decides on the use of current and permanent reserve funds, with the prior approval of the Government.

More detailed criteria for the use of reserve funds from paragraph 3 of this article shall be determined by the Government.

Consumer unit report

Article 44

The consumer unit is obliged to submit to the Ministry of Finance an accurate and complete report on receipts, expenditures and contractual obligations.

The content of the report from paragraph 1 of this article is determined by the Ministry of Finance.

Redirecting funds

Article 45

The government can redirect the funds determined by the law on the state budget between spending units in the amount up to 10% of the total planned funds of the consumer unit.

The amount from paragraph 1 of this article is applied to the total planned expenditures of the consumer unit whose approved amount of funds is reduced. Redirected funds for individual expenditures, programs, subprograms, activities and projects are allocated by decision of the Minister of Finance.

Consumer units, with the approval of the Ministry of Finance, can redirect approved funds by programs, subprograms, activities, projects and individual expenditures, in the amount of up to 10% of the funds determined by the law on the state budget for programs, subprograms, activities, projects and expenditures, the amount of which is reduced.

In the case of programs, subprograms, activities and projects financed by donations from European Union funds and other donations, it is not allowed to redirect funds by expenditure.

Funds provided for co-financing donations from European Union funds and other donations are not allowed to be used for other purposes.

Unspent capital budget funds

Article 46

The consumer unit that realizes the capital budget is obliged to inform the Ministry of Finance about the unspent funds planned for that capital project after the completion of the capital project.

The consumer unit is obliged to inform the Ministry of Finance if during the fiscal year due to extraordinary or due to unforeseen circumstances, the planned capital project is not realized.

Unspent funds from paragraphs 1 and 2 of this article, the Government may, at the proposal of the Ministry of Finance, redirect to other funds capital projects.

Redirection ban

Article 47

Redirection of funds determined by the state budget law from the capital budget to the current budget and the budget funds is not allowed.

Deadline for using approved funds

Article 48

Funds approved by spending units can be used until December 31 of the fiscal year.

Unpaid contractual obligations in the current fiscal year are realized from funds approved for the next fiscal year.

Unpaid contracted obligations from the previous fiscal year have priority in paying the obligations of the consumer unit.

Municipal budget execution

Article 49

The execution of the municipal budget is carried out in the manner and according to the procedure prescribed by this law for the execution of the state budget, a the powers that the Minister of Finance has in executing the state budget are held by a responsible person in the municipality.

VI. LOANS AND GUARANTEES

Borrowing

Article 50

During the fiscal year, the state can borrow up to the level determined by the annual law on the state budget.

Borrowing from paragraph 1 of this article is the assumption of financial obligations based on credit agreements, debt issues securities and issued guarantees.

Long-term borrowing, in the sense of this law, is considered borrowing for a repayment period longer than 12 months.

Total annual borrowing does not include the amount needed for debt refinancing.

Refinancing from paragraph 4 of this article is borrowing for the purpose of settling obligations based on previous indebtedness.

Debt assumption

Article 51

The state can take over the debt only by a special law or an annual law on the state budget.

The state can borrow in order to: -
finance state budget spending in accordance with the annual budget law; - purchase and refinancing of
state debt; - maintenance of budget liquidity; -
risk protection by concluding swap
contracts and contracts on the purchase of derivatives; - financing of other needs in accordance
with the law.

Contracts and other documents on state borrowing are signed by the Minister of Finance.

Basis of negotiations

Article 52

Basics for negotiating and concluding long-term loan agreements with international financial institutions, to multilateral, bilateral and other creditors is determined by the Government, on the proposal of the Ministry of Finance.

The Ministry of Finance submits to the Government a report on loan negotiations with a proposal for a loan agreement for decision.

State guarantees

Article 53

The total amount of guarantees provided by the state is determined by the annual law on the state budget.

State guarantees can only be given for the financing of capital projects.

A state guarantee is a guarantee issued by the Government for the purpose of ensuring the repayment of obligations based on credit agreements or debt securities.

The total amount of guarantees must not exceed 15% of GDP.

Basics for negotiating and concluding a loan agreement for which a guarantee is provided and a report on loan negotiations with proposal of the loan and guarantee agreement, the Ministry of Finance submits to the Government for determination.

Risk compensation

Article 54

The end user of the guarantee and transfer loan pays a risk fee of 0.5% of the amount of the guarantee or loan.

The fee from paragraph 1 of this article is the revenue of the budget of Montenegro.

Warranty beneficiary

Article 55

A legal entity using a state guarantee is obliged to obtain approval before contracting any new loan. Ministry of Finance.

The beneficiary of the guarantee, i.e. transfer loan, is obliged to repay the amount of the unpaid loan without delay, that is, a transfer loan, if he concludes a new credit agreement without the approval from paragraph 1 of this article.

Providing and recording guarantees

Article 56

Contracts and other acts on the provision of guarantees are signed by the Minister of Finance.

The Ministry of Finance keeps records and monitors the settlement of obligations under issued guarantees and transfer loans.

Guarantees and transfer loans are given in accordance with the guidelines established by the debt management strategy.

Municipal borrowing

Article 57

Municipalities can take out long-term loans and provide guarantees with the prior approval of the Government, which is given upon proposal Ministry of Finance.

Companies and legal entities that are majority-owned by the state or municipality can take on long-term debt with the prior approval of the Government, which is given at the proposal of the Ministry of Finance.

The beneficiary of funds based on long-term borrowing and issued guarantees is obliged to submit a report to the Ministry of Finance on each withdrawal of credit funds, within seven days from the day of withdrawal, and to submit quarterly reports on the state of total indebtedness.

The procedure for submitting an application, the documentation required to obtain a guarantee and borrowing, and the conditions that must be met they are fulfilled by municipalities, legal entities and companies, and the means of securing the return of the loan are regulated in more detail by Government regulation.

Debt management strategy

Article 58

The debt management strategy contains a framework borrowing program for a three-year period, guidelines for determining risks when taking loans, guidelines for managing debt, cash, guarantees and loans, and other issues of importance for debt management.

The strategy referred to in paragraph 1 of this Article shall be adopted by the Government, with the opinion of the Central Bank.

If the Central Bank does not submit the opinion referred to in paragraph 2 of this article within 15 days from the date of submission of the proposal strategy, the Government will determine the strategy without the opinion of the Central Bank.

Debt management and records

Article 59

The state debt is also managed by records on the existing state debt, long-term and short-term loans taken and the given guarantees are managed by the Ministry of Finance in accordance with this law.

The competent authority in the municipality keeps records of the existing debt of the municipality, long-term and short-term loans taken and with the given guarantees and submits a quarterly report to the Ministry of Finance within 30 days from the end of the quarter.

The Ministry of Finance consolidates records on public debt.

The Ministry of Finance and the municipalities are obliged to publish the records from paragraphs 1 and 2 of this article on their websites, quarterly.

Interest on principal on debt

Article 60

The Government has unlimited authority to pay interest and principal on the basis of the state debt and guarantees provided by the state, in accordance with this law, from the funds kept in the consolidated treasury account, in accordance with the terms and deadlines agreed by the Government.

Confirmation of the legality of the debt

Article 61

The Protector of Property and Legal Interests of Montenegro, at the request of the creditor, issues a legal opinion confirming that the constitutional and legal borrowing procedure has been complied with.

VII. ACCOUNTING AND FINAL ACCOUNT OF THE BUDGET

Accounting and internal control

Article 62

Budget implementers are responsible for proper and accurate accounting and internal control of contracted receipts obligations and expenditures of consumer units and bodies in their composition.

Editor's note: the provisions of this article relating to accounting and the final budget account cease to apply 1.1.2027.

Responsibility for budget planning and execution

Article 63

The Ministry of Finance is responsible for budget planning and execution, accounting, borrowing and management state debt.

Editor's note: the provisions of this article relating to accounting and the final budget account cease to apply 1.1.2027.

Accounting and reporting methods

Article 64

The method of budget accounting, submission of reports on the use of budget funds and the method of recording receipts, expenditures, contractual obligations, concessions, capital projects and program budget are prescribed by the Ministry of Finance.

The Ministry of Finance can issue a special order to consumer units, municipalities and other public entities sector for submitting a financial report.

Consumer units, municipalities and other entities of the public sector are obliged to submit by order of the Ministry of Finance financial report.

Editor's note: the provisions of this article relating to accounting and the final budget account cease to apply 1.1.2027.

Preparation of final accounts of consumer units

Article 65

The Ministry of Finance prescribes the method of preparation, preparation and submission of final accounts of consumer units.

The final account of the consumer unit is submitted by the end of February of the current, previous fiscal year.

Editor's note: the provisions of this article relating to accounting and the final budget account cease to apply 1.1.2027.

Deadline for preparation of draft law on final accounts

Article 66

The Ministry of Finance prepares a draft law on the final account of the state budget and submits it to the Government by June 1 of the current year. for the previous fiscal year.

Editor's note: the provisions of this article relating to accounting and the final budget account cease to apply 1.1.2027.

The deadline for determining the Draft Law on the final account

Article 67

By the end of June, the Government shall determine the Draft Law on the final account of the state budget and submit it to the State Audit Institution, which shall submit the report on the audit of the final budget account to the Assembly by October 15 of the current year, for the previous fiscal year.

By the end of September, the Government will submit the Draft Law on the final budget account to the Parliament.

The competent body of the independent regulatory body determines the proposal of the financial report with the report on the work, that is, the state for the previous year and determines the representative of the independent regulatory body who will participate in the parliamentary procedure.

The competent authority of the independent regulatory body submits the proposal of the financial report and the act on the appointment of the representative to the Ministry of Finance by April 30 of the current, previous year.

Editor's note: the provisions of this article relating to accounting and the final budget account cease to apply 1.1.2027.

Contents of the final account

Article 68

The final account of the state budget and the final account of the municipal budget must be in accordance with the content and classification budget, according to Article 34 of this law.

The final budget account also includes:

1) the opening and closing balance of the consolidated treasury account; 2) review of deviations from the planned amounts; 3) report on taken loans; 4) report on expenditures of budget reserves; 5) report on guarantees given during the fiscal year; 6) report on capital projects; 7) report on the implementation of the program budget; 8) report on state debt and given guarantees; 9) report on tax and non-tax claims from Article 12 of this law; 10) report on receipts and expenditures of public institutions that are not included in the consolidated treasury account; 11) report on the state of outstanding obligations that do not have the character of loans in accordance with Article 14 paragraph 2 of this law.

Editor's note: the provisions of this article relating to accounting and the final budget account cease to apply 1.1.2027.

The final account of the municipality's budget

Article 69

The final account of the municipal budget is prepared by the responsible person in the municipality, in accordance with this law.

The final account of the municipal budget is submitted to the Ministry of Finance for inspection.

Editor's note: the provisions of this article relating to accounting and the final budget account cease to apply 1.1.2027.

Submission of financial statements

Article 70

Independent regulatory bodies, public institutions, legal entities, companies in which the state or municipalities have a majority share in ownership, are obliged to submit financial reports to the Ministry of Finance, i.e. to the competent authority of the municipality, in accordance with the regulation issued by the Ministry of Finance.

Editor's note: the provisions of this article relating to accounting and the final budget account cease to apply 1.1.2027.

VIII. AFFAIRS OF THE STATE TREASURY AND BUDGET

State Treasury Affairs

Article 71

The State Treasury is established in the Ministry of Finance and performs the

following tasks: 1) executes payments on the basis of documentation and data submitted in person or by e-mail by consumers unit, in accordance with this law; 2)

keeps the general ledger of the

treasury; 3) manages the accounting system of state receipts; 4)

processes orders for spending funds; 5)

prepares the final account of the state budget;

6) financial control through the use of an accounting system based on planned obligations; 7) takes care that budget

implementers do not exceed the amount of approved funds; 8) monitors the execution

of expenditures; 9) develops

and manages state budget accounting and manages the financial information system; 10) provides weekly

and monthly reports to budget users; 11) provides regular financial

reports for the needs of the Minister of Finance and the Government; 12) provides

data for the analysis of the financial system; 13)

manages available funds in the consolidated treasury account; 14) provides the necessary

amount of funds in the consolidated treasury account, which is required for the timely payment of planned obligations;

15) manages debt incurred on the basis of securities issued by the state; 16) manages debt

incurred on the basis of given guarantees and taken loans; 17) manages

domestic and foreign debt; 18) manages

foreign donations, aid and loans and, 19) other tasks of

importance for treasury operations.

Budget affairs

Article 72

Budget tasks include: 1)

preparation of current economic policy proposals; 2)

the procedure for preparation, planning and drafting of annual budget laws and other regulations that more closely regulate their preparation and execution; 3)

proposing guidelines and a medium-term macroeconomic framework for the preparation and planning of the budget, determination and monitoring of the consolidated balance of public spending, projection of receipts and expenditures, that is, income and expenditures, projection

of the deficit; 4) developing technical standards for budget

preparation; 5) analysis of the requests of consumer units for the allocation of budget requests and proposing their

changes; 6) supervision over the realization of income and execution of expenditures;

7) providing advice on budget issues to consumer units and local self-government bodies; 8) monitoring and analysis of financial plans and financial reports of public companies and regulatory agencies; 9) proposing and preparing amendments to the budget law and decisions on temporary financing; 10) review of the financial effects of laws and other regulations on the increase or decrease of budget expenditures; 11) harmonization of laws and other regulations with the annual budget law; 12) preparation of opinions regarding the use of budget funds, as well as total public spending funds and, 13) other tasks of importance for the budget.

VIIIa. MEDIUM-TERM PRIORITY AREAS FOR INVESTMENT OF FOREIGN DONATIONS

Records of foreign donations

Article 72a

Consumer units are obliged to, within 15 days from the date of conclusion of the contract on foreign donations referred to in Article 71 paragraph 1 item 18 of this law, the information about that donation is submitted to the General Secretariat of the Government, for the purpose of keeping records.

Records from paragraph 1 of this article are kept in electronic form.

Report on medium-term priority areas for investment of foreign donations

Article 72b

On the basis of the data from the records from Article 72a of this law and on the basis of the Government's Medium-Term Work Program, the General the Secretariat of the Government determines medium-term priority areas for the investment of foreign donations.

The General Secretariat of the Government submits priority areas from paragraph 1 of this article to the National Council for Sustainable Development, in order to prepare a report on medium-term priority areas for the investment of foreign donations.

The National Council for Sustainable Development is obliged to, within 15 days from the day of delivery of the medium-term priorities areas from paragraph 1 of this article, prepare a report on medium-term priority areas for investment of foreign donations.

The National Council for Sustainable Development is obliged to submit the report from paragraph 3 of this article to the Government for adoption.

IX. RESPONSIBILITY OF THE BUDGET OFFICER AND MEASURES

Notice of withdrawal

Article 73

If during the execution of the budget there are deviations from the levels determined by Article 20 of this law, the Minister of Finance informs the Government about these deviations with an explanation of the reasons for the deviations and proposes measures to eliminate the determined deviations.

Liability for damage

Article 74

The budget executor is materially responsible for the financial damage caused to the spending unit, i.e. the state body, illegally, intentionally or due to gross negligence.

If it is determined that the budget executor is materially responsible for the damage, and does not compensate for the damage, the spending unit, that is, the state body, can exercise the right to compensation for the damage before the competent court.

Conditions for taking measures

Article 75

The Ministry of Finance may take measures from Article 76 of this law against a consumer unit that: 1) assumed and fulfilled a financial obligation that was not determined by the public procurement plan or the state budget; 2) contracted consumption in an amount higher than the amount allocated by the state budget; 3) made inappropriate consumption; 4) carried out employment without previously obtaining the consent of the Ministry of Finance on the provision of funds for this purpose in the budget.

The State Audit Institution, the Human Protector, shall not be considered a consumer unit, in the sense of paragraph 1 of this article rights and freedoms, judicial authorities and the Parliament of Montenegro.

Measures

Article 76

The Ministry of Finance, that is, the competent authority of the municipality may: 1) impose the obligation of additional reporting on the consumer unit from Article 75 of this law; 2) suspend, that is, limit the possibilities of diverting budget funds and 3) temporarily suspend the use of budget funds.

IXa. FINANCIAL SUPPORT AND OWN FUNDS OF THE EUROPEAN UNION

Independent management of IPA funds

Article 76a

Financial support from the European Union is provided through the Pre-accession Support Instrument (hereinafter: IPA funds).

Independent management of IPA funds is carried out through indirect management by entrusting the execution of budgetary tasks to Montenegro, with the prior consent of the European Union.

As a beneficiary of European Union funds, Montenegro ensures independent management of IPA funds and protection of its financial interests by establishing a system for combating irregularities and fraud (AFCOS), which coordinates legislative, administrative and operational activities and cooperates directly with the European Anti-Fraud Office (OLAF).

Management of funds from paragraph 2 of this article is carried out through independent management of IPA funds (Structure for indirect management of IPA funds) that implement:

1) person authorized to coordinate strategic planning and programming of IPA funds, monitoring of implementation and reporting in connection with the implementation of the IPA program;

2) a person authorized to establish and supervise the management and control system in indirect management and for financial management of IPA programs;

3) the person who manages the organizational unit of the state administration body that performs tasks of coordination of strategic planning and programming of IPA funds and implementation of individual IPA programs; 4) the person who manages the organizational unit of the Ministry of Finance that performs tasks of establishing and monitoring the management and control system in indirect management and tasks of managing accounts, that is, tasks of financial management at the level of the IPA program;

5) persons who manage the organizational units of state administration bodies that carry out the tasks of implementing contracts from individual IPA programs and financial management at the contract level;

6) persons who manage organizational units of state administration bodies that perform tasks of creating program documents during the process of strategic planning and programming and supervision over the technical implementation of contracts from individual IPA programs.

The internal audit of the implementation of the IPA program in indirect management is carried out by the organizational unit of the Ministry of Finance.

The organizational unit of the Ministry of Finance collects data on irregularities and potential cases of fraud arising from the management of IPA funds, as well as their reporting to the European Anti-Fraud Office (OLAF).

A closer way of implementing financial support within the framework of IPA funds from paragraph 1 of this article is prescribed by the Government upon proposal Ministry of Finance.

Own resources of the European Union

Article 76b

The amount of funds paid into the budget of the European Union is determined by the annual law on the budget in accordance with European Union regulations on the system of own resources.

The Government has unlimited authority to pay out the European Union's Own Funds, as well as the accompanying costs of interest, bank charges, corrections and other costs related to the payment of the European Union's Own Funds, in accordance with the legislation of the European Union on the system of own funds, from the funds kept in the consolidated treasury account.

The funds from paragraph 2 of this article are paid into the budget of the European Union through the Central Bank of Montenegro, in the name of the European Commission, in accordance with the regulations of the European Union on the system of own resources.

The European Union's own funds are planned in the program budget of the Ministry of Finance.

A closer procedure for planning the European Union's own funds is prescribed by the Government, at the proposal of the Ministry of Finance.

Editor's note: this article will apply from the day of Montenegro's accession to the European Union.

X. INSPECTION SUPERVISION

Competent authority

Article 77

Supervision over the implementation of this law and regulations adopted on the basis of this law is carried out by the Ministry of Finance.

The tasks of inspection supervision from paragraph 1 of this article are performed by the budget inspector (hereinafter: inspector) in accordance with this law and the law regulating inspection supervision.

Obligations and powers of the inspector

Article 78

In carrying out supervision, the inspector has the obligation and authority to control the legal and intended use of budget funds funds of consumer units, municipalities and other public sector entities in accordance with this law.

Inspection supervision includes control of accounting, financial and other business documents of the subject of supervision.

In carrying out inspection supervision, the budget inspector has the authority to initiate misdemeanor charges on observed irregularities procedure in accordance with the law regulating misdemeanor procedure.

Obligations of the supervised entity

Article 79

Subjects of supervision from Article 78 paragraph 1 of this law are obliged to provide the budget inspector with access to all requested documents, data and information, as well as to provide all the necessary conditions for unhindered supervision.

XI. PENAL PROVISIONS

Article 80

A fine of between EUR 200 and EUR 1,000 will be imposed on the responsible person in the Ministry of Finance, i.e. to a local government body if:

1) fails to cancel the transaction when previously paid money has been returned to the consolidated treasury account (Article 9 paragraph 5); 2) does not publish records

of existing debt, long-term and short-term loans taken and guarantees given (Article 59 paragraph 4).

Article 81

A fine from EUR 200 to EUR 1,000 will be imposed on the responsible person in the consumer unit that monitors and realizes the capital budget for the offense if he does not notify the Ministry of Finance:

1) after the end of the project on unspent funds planned for that capital project (Article 46 paragraph 1); 2) that during the fiscal year, due to

extraordinary or unforeseen circumstances, the planned capital was not realized project (Article 46, paragraph 2).

Article 82

A fine of EUR 200 to EUR 1,000 will be imposed on the responsible person in the consumer unit if: 1) they do not use the funds within the limits

established by the law on the state budget (Article 40 paragraph 1) and 2) the contracted obligations are not in

accordance with the planned and approved funds (Article 40 paragraph 5).

Article 83

A fine from 200 euros to 1,000 euros will be imposed on the person responsible for the offense in the consumer unit, business to a company whose founder is the Government or a municipality and legal entities that are majority state-owned if:

1) submit an incorrect and incomplete report on receipts, expenditures and contractual obligations (Article 44 paragraph 1); 2) does not

submit a report on each withdrawal of credit funds within seven days from the day of withdrawal, i.e does not submit a quarterly report on the state of total indebtedness (Article 57 paragraph 3);

3) make irregular and inaccurate records of receipts, contractual obligations and expenses (Article 62); 4) fails to submit

a financial report based on a special order of the Ministry of Finance (Article 64 paragraph 2).

Article 84

A fine of EUR 400 to EUR 4,000 will be imposed on the person responsible for the offense - the budget executive of the consumer unit, if: 1) he does not report state budget

receipts, expenditures and contractual obligations for recording in the treasury ledger (Article 9 paragraph 3); 2) make inappropriate spending of budget funds or

contract obligations in excess of the amount planned for the year by the budget law (Article 40 paragraph 1), except in the case of obligations from Article 40 paragraph 6;

3) fails to submit a report on receipts, expenditures and contractual obligations (Article 44 paragraph 1); 4) sign an act or otherwise give approval that allows long-term loans and guarantees to be taken without prior consent of the Government (Article 57 paragraphs 1 and 2).

Article 85

A fine of between EUR 400 and EUR 4,000 shall be imposed on the responsible person in the local government body for the misdemeanor, if without approval of the Ministry of Finance exceeds the limit defined by Article 27 of this law.

Article 86

The statute of limitations for initiating and conducting misdemeanor proceedings for violation of the provisions of this law is three years.

XII. TRANSITIONAL AND FINAL PROVISIONS

Deadline for adoption of regulations

Article 87

Regulations for the implementation of this law will be adopted within nine months from the date of entry into force of this law.

Until the adoption of regulations from paragraph 1 of this article, the regulations adopted on the basis of the Budget Act ("Official list of the Republic of Montenegro", no. 40/01 and 71/05 and "Official Gazette of the Republic of Montenegro", no. 12/07, 53/09 and 49/10).

Deadline for adoption of by-laws

Article 87a

By-laws from Article 76a paragraph 7 and Article 76b paragraph 5 of this law will be adopted within 60 days from the date of entry into force. the force of this law.

The deadline for adopting a by-law

Article 87b

The by-law referred to in Article 43, paragraph 4 of this law shall be adopted within 90 days from the date of entry into force of this law.

Fiscal policy guidelines

Article 88

As an exception to Article 17 paragraph 1 of this law, the Government whose mandate lasts on the date of entry into force of this law shall pass fiscal policy guidelines without a fiscal strategy.

Deferred application

Article 88a

The provision of Article 34, paragraph 4 of this law will apply from January 1, 2020.

Deadline for proposing members of the Fiscal Council

Article 88b

The authorities referred to in Article 27c, paragraph 7 of this Law are obliged to, within 90 days from the date of entry into force of this Law, propose members of the Fiscal Council to the Assembly.

Deadline for adoption of the statute of the Fiscal Council

Article 88c

The Fiscal Council is obliged to adopt a statute within 60 days from the date of appointment of the Fiscal Council.

Deadline for adopting an act on internal organization and systematization Article 88c

The Fiscal Council is obliged to adopt an act on internal organization and systematization.

The deadline for announcing a public competition for the election secretary of the Secretariat of the Fiscal Council

Article 88c The Fiscal Council is obliged to announce a public competition for the election within 30 days from the date of adoption of the statute secretary of the Secretariat of the Fiscal Council.

Deadline for downloading documentation and software solutions

Article 88d

By January 31, 2025, the Fiscal Council and the State Audit Institution are obliged to hand over documentation, software solutions and other acts related to the evaluation of the application of fiscal responsibility criteria from Article 26 of the Law on Budgets and Fiscal Responsibility ("Official Gazette of Montenegro", no. 20/14, 56/14, 70/17, 4/18, 55/18 and 70/21).

The Fiscal Council and the State Audit Institution are obliged to, within 30 days, from the date of receipt of the documentation from paragraph 1 of this Article, conclude a contract on providing professional and methodological assistance.

Deferred application

Article 88x

The provisions of Article 7 paragraphs 2 and 3, Article 8 paragraphs 4 and 5, Article 17 paragraph 2, Article 18, Article 21, Article 26 and Article 27a to 27l of this law will apply from January 1, 2025.

The provision of Article 76b of this law shall apply from the date of Montenegro's accession to the European Union.

Deadline for ensuring working conditions

Article 88f

The administrative body responsible for property affairs is obliged to, within 60 days from the date of entry into force of this Law: provides adequate space and necessary equipment for the work of the Fiscal Council.

Funding of the Fiscal Council

Article 88e

Funds for the work of the Fiscal Council in 2024 will be provided from the budget reserve.

Termination of the law

Article 89

On the date of entry into force of this law, the Law on the Budget ("Official Gazette of the Republic of Montenegro", no. 40/01 and 71/05 and "Official Gazette of Montenegro", no. 12/07, 53/09 and 49/10) ceases to be valid.

Entry into force

Article 90

This Law shall enter into force on the eighth day following its publication in the "Official Gazette of Montenegro".