

Case Study on the APC's review process of the financial reports submitted by political entities and on cooperation mechanisms with the State Audit Institution (SAI)

Case study submitted by the Agency for the Prevention of Corruption (APC) - Montenegro

What are the respective roles of the APC and the State Audit Institution?

The Agency for the Prevention of Corruption controls and ensures transparency of the financing of political entities and election campaigns. In this regard, the Agency monitors all election campaign activities of political entities, monitors and analyses the conditions under which activities are conducted/services are provided to them during the campaign and controls the accuracy of their financial reports on funds collected and spent during the election campaign.

On the other hand, the State Audit Institution audits the annual consolidated financial reports, on the basis of which it gives an opinion, makes recommendations for the elimination of irregularities and takes other measures, in accordance with the law.

Why is the APC role important?

Political entities and electoral processes are important in our democratic system, as is the need to maintain the principles of legality, equality and transparency of election campaign financing. The control over the financing of political entities and election campaigns is entrusted to the Agency for Prevention of Corruption, as an independent authority. Through effective control of the financing of political entities and full transparency in the use of public resources, overall confidence in the electoral process is strengthened.

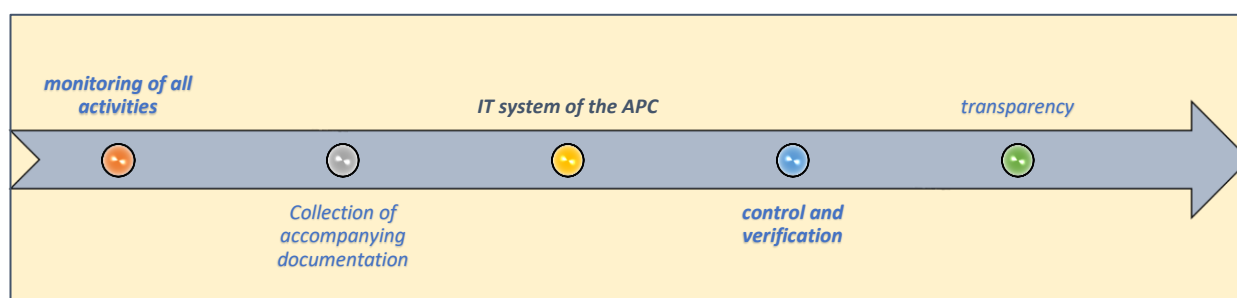
What action does the APC take to fulfil its role?

The Agency performs substantial control of the financial reports of political entities. In particular, the Agency regularly collects data on all activities of political entities during the election campaign and the funds spent on financing the expenses of election campaign. Finally, the Agency controls the accuracy of the financial reports submitted by political entities against data collected and controls performed during the election campaign.

In order to fulfil its obligations and tasks as prescribed by the Law, the Agency adopts the "Plan of Control during the election campaign" within 10 days from the day of publishing the decision on calling the elections. This Plan identifies the scope and extent of the control and the political entities that will be subjected to comprehensive control.

The methodology for controlling the financing of political entities and election campaigns and the Plan of Control developed by the Agency defines the type of controls carried out and the way controls of media and of other activities of political entities are conducted, i.e. funds collected and spent by political entities during the campaign. Substantial control includes the following activities:

1. Regular collection and analysis of data on the activities of political entities - recording and controlling the operations of political entities, especially as regards funds collected and spent by political entities, compliance with the obligation to pay for all campaign activities from a special giro account and appointing a responsible person (e.g. financial agent).
2. Collection and control, based on recorded activities, of documentation accompanying these activities, e.g. invoices, contracts, advertising samples, electoral materials, etc. This includes the control of documentation of service providers, political entities to which services are provided, as well as direct access to documentation during field controls. The collected documentation is processed through the established information system of the Agency from several sources (political entities, media advertising service providers, political entities' activities observed during the campaign etc.).



3. The control and verification of reports submitted by political entities is the last stage of control carried out by the Agency and takes place after data and documents have been collected from several different sources. Our control covers the accuracy of the reports submitted by political entities on the origin, amount and structure of funds collected and spent from public and private sources for the election campaign.

Through the regular monitoring of political entities' activities and control of supporting documentation related to these activities, the Agency is able to assess the prices of services/products provided to political entities during the campaign in order to determine in-kind donations and possible discounts to political entities.

Finally, the State Audit Institution audits the regular annual consolidated financial statements, which also contain data on funds collected and spent during the election campaigns in that year, as well as data on the financing of women's organizations within political entity, based on which it gives opinions and recommendations or takes other measures proscribed by the law.

What goal does the APC set for its control work?

For each campaign, the goal is to collect and control documentation during the election campaign for a minimum of 80% of activities / costs that are in the reports of political entities.

What lessons has the APC learned from its work in this area?

Good cooperation with all actors involved in the process, especially with civil society and international organizations recognized as experts in this field, is crucial to put in place a system of comprehensive control over the funding of political entities and election campaigns. Close cooperation with other state institutions, primarily with the State Audit Institution, the Parliament, the Prosecutor's Office and other

institutions is also necessary. Also, it is necessary to work continuously on improving the methodology and to work efficiently to keep abreast with international standards and good practice in this area.