

FINANCIAL ALCHEMY OF THE UNIVERSITY OF MONTENEGRO

-AN INSIGHT INTO THE FINANCING OF THE UOM FROM 2015 TO 2019-



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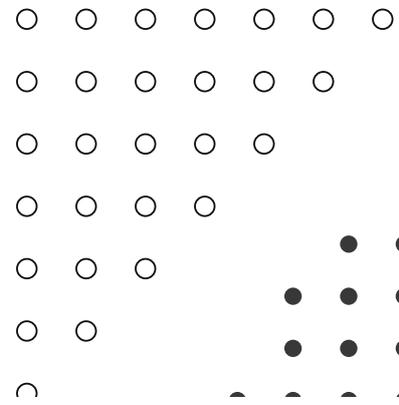
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Podgorica, 2020



HIGHER EDUCATION AND LACK OF TRANSPARENCY DO NOT GO HAND IN HAND

Education is an institute of human rights and a category of public responsibility. Higher education at a public university is also an investment of the state that must provide stable and responsible funding for training quality, competitive and competent staff.

University of Montenegro (UoM) has 19 faculty units, three institutes and over 16,000 students¹. It is the oldest higher education institution in Montenegro and is funded from the budget to which all citizens of Montenegro contribute, which brings additional responsibility for transparent and responsible financing.

For the purposes of this study, the Centre for Civic Education (CCE) sent requests for free access to information to the UoM and some of its organizational units (Faculty of Maritime Studies, Law Faculty, Faculty of Philosophy, Faculty of Mechanical Engineering, as well as Music Academy). The requested information referred as follows: *a set of copies of certified financial reports for the last five years (each year individually); closing sheet - gross balance sheet for the same period and for each year individually (which contains the opening balance, current turnover, total turnover and balance of all analytical accounts and subtotals on synthetics that you have for the purposes of preparing financial statements); specification of income by budgetary lines for that period and for each year individually (budget allocated for teaching, research and art work; tuition fees and other fees paid by students; intellectual and other services; donations, presents and legacy; projects and contracts with national, international, public or private entities for the purpose of promoting teaching, research and consulting activities); turnover of bidders and suppliers for that period and for each year individually (opening balances, turnover and balances); analytical cards of the highest expenses, except for salaries in the last 5 years and for each year individually); analytical cards of the largest customers and suppliers (with a balance at the end of the year and for each year individually); analytical cards of employees' salary expenditures for the same period (for each year individually); Contracts and invoices for the purchase or sale of tangible assets that individually exceed the amount of € 5,000 for the same period (for each year individually); inventory of assets with inventory lists for the same period (for each year individually); property valuation (last done); loan and guarantee agreements that are currently active (if any) on the date of submitting of request; notes to the financial statements and accounting policies, and in particular the methods and manners used to present and value assets, depreciation, purchase, equipment, investments (if any); list of employees and their qualification on the day of submitting the request; certification of turnover and balance from banks on all grounds (giro accounts, foreign currency accounts,*

¹ Monstat, database "Education", https://www.monstat.org/userfiles/file/Obrazovanje/visoko/2019_2020/upisani%20osnovne%20studije/Upisani%20studenti%20%20-%20osnovne%20studije.xls <https://www.monstat.org/userfiles/file/Obrazovanje/visoko/podaci/20192020/Upisani%20na%20%20postdiplomske%20i%20doktorske%20studije.xls>, last insight 25/05/2020

deposits, payments abroad) in the last five years; internal audit reports with recommendations and plans for elimination of deficiencies, as well as reports on monitoring the implementation of recommendations for the last five years (for each year individually).

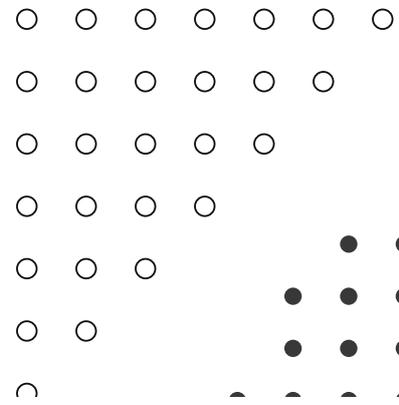
UoM and its faculty units initially stalled with the response, so the CCE received assurances from several faculty units that they were working on preparing documentation for submission, but after the rector's response, template response arrived from all faculties. These answers indicate that part of the requested documentation is available on the UoM's web page, which the CCE researchers failed to verify by additional verification, except for a few half-pieces of information. Physical insight was allowed for the remaining extensive documentation, which functionally disabled access to information, because in that manner no analysis of these information can be done. This has strengthened long-lasting practice of non-transparency, whose creation is strongly affected by the actions of Rector Danilo Nikolić. The reflection of that is the fact that for the first time, during more than a decade of monitoring the work of UoM by the CCE, faculty units are restricting access to information of public importance in an organised manner. The Managing Board headed by Dusko Bjelica, also participates in this, because he was informed about everything and did not respond to our requests. Finally, our impression is that the Government of Montenegro directly protects non-transparent practices at the UoM, as supported by the fact that members of the Managing Board from the Government were aware of this CCE's request and reminders, as well as the Prime Minister, but also that the same Managing Board re-elected this rector in June 2020.

Protection instead of sanctioning non-transparency is not good for any institution. It is particularly worrying when such an approach is supported by an institution that educates young people and which, with its consistent respect for the law and transparency, should serve as a role model for these young people.

The analysis *'Financial Alchemy of the University of Montenegro – an Insight into the Financing of the UoM from 2015 to 2019'* was produced within the framework of the project *'Financing of higher education under magnifier'*, implemented by the CCE with the support of the Centre for Civic Initiatives and the European Union, through the European Union line *'Support to Local Civil Society Organisations in Pursuing EU and Regional Anti-Corruption Agenda in IPA countries from the Western Balkans'* and SELDI programme.

LEGISLATIVE AND INSTITUTIONAL FRAMEWORK

Plans and financing sources of UoM are defined within several legal acts of different ranks, starting from the Constitution of Montenegro, Law on Higher Education, Statute of UoM and a series of regulations, as well as other laws that define certain issues in this area for all entities, such as Public Procurement Law, Law on Accounting and Auditing, etc.



The Constitution of Montenegro guarantees the autonomy of universities, high education and scientific institutions, but also the right to education under same conditions². The autonomy of UoM, amongst series of other aspects, implies the management of financial resources from all sources of financing.

The adoption of the Bologna Declaration principles was accompanied by a modification within the legal framework of the higher education system. Thus, the Law on Higher Education was adopted in 2003, and it was supposed to enable an approach of Montenegrin higher education towards the European educational area, without neglecting the national tradition³. Amendments to the Law followed in 2010, 2014, 2017 and 2019. Within the part of these changes, the management of UoM was given broad powers concerning financial resources, which was accompanied by a lack of control and transparency when it comes to spending those funds.

The Law on Higher Education⁴ regulates the fundamentals of higher education, conditions for performing activities, types of study programmes, organisational principles of institutions performing this activity, rights and obligations of academic staff and students, quality assurance, higher education funding, as well as other matters relevant for the performance of higher education activities.

The Law specifies that higher education shall be provided by licensed higher education institutions, which may be established as public or private (depending on the founder), and consists of a university, faculty, art academy and college. The University is an autonomous institution that combines teaching, research and artwork as components of a unique process of higher education. The university shall provide development of higher education, science, profession and art, creative skills and preparation of students for the performance of professional activities, as well as the promotion of human rights and freedoms, civil and national rights and achievements of the highest standards of teaching and learning. Scientific-research, or artistic activities shall be performed and organised in compliance with a special law and general act of University. An institution shall have the status of university if it carries out at least five different study programmes at an undergraduate level, at least one of which is conducted as both undergraduate and postgraduate. Study programmes must be from at least three of the following seven areas: natural sciences, technical and technological, medical, social, humanistic, agricultural and interdisciplinary.

The university shall carry out its activities through faculties, art academies, institutes and colleges, as organizational units. The university shall have the status of a legal entity, and the organizational units of a public university shall not have the status of a legal entity, while the

2 Constitution of Montenegro, Article 75, Official Gazette of Montenegro, No. 1/2007

3 Strategy for Development of Higher Education in Montenegro (2020-2025), Virgilio Meira Soares, Opinion about the Draft Law on Higher Education of the Republic of Montenegro, Lisbon, 28 July 2003

4 Official Gazette of Montenegro, No. 044/14,...., 072/19

organizational units of a private university may have the status of a legal entity. The governing body of the university is the Managing Board that determines the business policy.

A higher education institution may be funded from the following sources 1) founder's assets; 2) tuition and other fees paid by the students; 3) intellectual and other services; 4) donations, presents and legacies; 5) income from property (lease); 6) projects and contracts with international, national and private entities aimed at promotion of teaching, research and consulting activities and 7) other sources in compliance with the Law.

The managing body of the higher education institution shall be responsible for lawful and purposeful use of resources allocated in accordance with this Law, and independent external and internal financial control shall be conducted with regard to operations of an institution. The method of performing internal financial control shall be regulated by statute of the institution.

The Law further prescribes that the founder shall provide a public institution with all resources for: 1) material expenses, ongoing and investment maintenance; 2) salaries of employees in compliance with the law, collective agreement and the act on the organization and job classification; 3) equipment and library fund; 4) performance of scientific-research, or art work, that is in function of raising quality of teaching;; 5) scientific and professional development of employees; 6) data bases and information system; 7) work of the Student Parliament and extracurricular activities of students; 8) establishment of equal study conditions for all students (unrestricted access, stay and work); 9) other purposes in compliance with the law.

Norms and standards for funding public institutions shall be passed by the Government, and on the basis of them they shall obtain funds from the Budget of Montenegro⁵. These refer to the number of students defined by the license, cost per student for a certain study programme and the assessment of quality work of the institution from the external evaluation report. Mutual rights and obligations between the public institution and the Government, for the implementation of study programmes of the 1st and 2nd study cycles shall be regulated by a funding agreement concluded for at least one fiscal year. This agreement shall include in particular: objectives, activities and measures for achieving the objectives, indicators for monitoring the implementation of the agreement, reporting dynamics concerning the implementation of the agreement, and other matters of relevance for funding. The content of the agreement shall be laid down by the Ministry and published on its web page.

The primary objective of the introduction of the funding contractual relation was to improve the quality of public funding of the University of Montenegro, monitor the efficiency and effectiveness of public allocations provided for national priorities, improve access to higher education, encourage education and research through which future economic growth may be enhanced. The agreement is based on the UoM's success in the field of teaching, i.e. learning, research and resource management, as well as on the UoM's needs and the

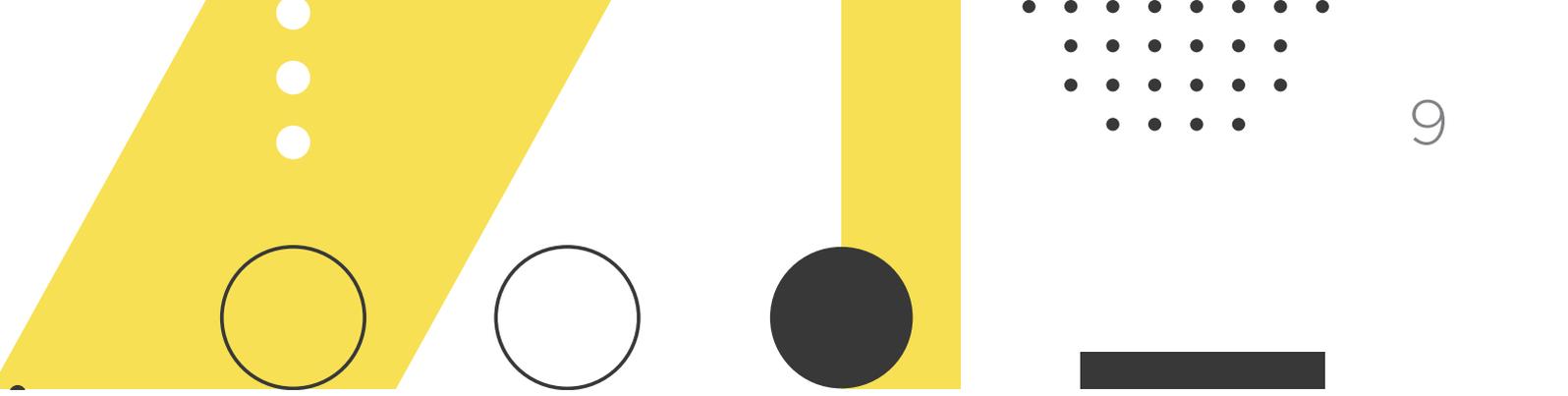
⁵ Article 64a of the Law on Higher Education, "Official Gazette of Montenegro", no. 044/14, 052/14, 047 / 15,040 / 16, 042/17, 071/17, 055/18, 003/19, 017/19

importance that UoM has as a higher education institution in Montenegro. It enables the financing of students of the 1st and 2nd study cycles, i.e. undergraduate studies starting from the academic year 2017/2018, and the master's study beginning from the academic year 2020/2021, as well as the institute. Since 2017/2018 academic year undergraduate studies at public higher education institutions, in compliance with the Law on Higher Education, are tuition-free. Law on Higher Education and the Budget Law regulate UoM's funding for a three-year period, in compliance with the Funding Agreement. UoM receives the allocated funds on an annual basis if it meets the objectives set as performance indicators. Therefore, the agreement refers to three academic years, i.e. 2018/2019, 2019/2020 and 2020/2021, which are covered by fiscal years 2018 to 2021 and it has four annexes with performance indicators, namely: Annex 1 - Institution quality of work and enrollment policy; Annex 2 - Quality Assurance; Annex 3 - Informing the public about the work of the institution and Annex 4 - Improving the quality of existing study programmes, determining the need to continue study programmes, or abolishing certain non-viable study programmes.

Funding of UoM, in compliance with the Agreement, is organized by allocation of funds for UoM within the *block grant ('institutional grant')* for financing all undergraduate and master's degree students, which includes material costs, costs of current and future investment maintenance; salaries of employees in compliance with the Law, the collective agreement and the act on the organization and jobs classification. There is also a *complementary funding*, providing funds for equipment and library; performance of scientific-research and art work; scientific and professional development of employees; investments in infrastructure to provide better conditions for the implementation of teaching and research aimed at improving the quality of teaching; international cooperation and mobility of academic staff and students; research institutes; encouraging lifelong learning programmes; development/modernization of facilities for teaching and research/artistic activities; development of information technology infrastructure; development and constant update of the database at the University level; providing facilities and staff for the development of interdisciplinary study programmes and other activities that are not directly related to the educational process.

The agreement specifies that *independent external and internal financial control* shall be conducted with regard to operations of UoM. In performing external control, the Government may appoint an independent authorised auditor to perform the examination of financial affairs of the University. The Government will request the UoM to return allocated funds from the Budget of Montenegro if an independent and authorized auditor identifies unlawful and inappropriate use of these funds. So far, the Government has not conducted an independent external audit of UoM's financial affairs and there is no publicly available information about it.

The Statute of UoM defines that the internal financial control of UoM is performed by the Internal Audit Service, as an organizational part of the Rectorate of the University. Internal Audit Service shall not have less than three internal auditors with a manager. The internal audit is conducted in accordance with particular laws and internationally accepted standards for internal auditing. The functional independence of the internal audit is implemented by independent planning, conducting and reporting on the implemented internal audits. Internal audit is implemented based on 1) Strategic Plan, 2) Annual Plan; 3) Plan of a Separate Audit.



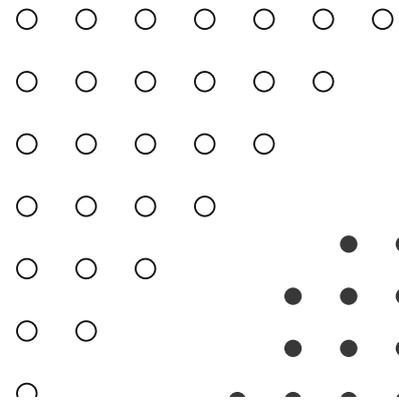
A General Act, adopted by the Management Board, defines the type, scope and deadlines for auditing as well as the manner of reporting. Internal auditing is directly accountable to the Management Board of the University to whom it reports about its operations, when applicable, and once every six months the least. Information on the implemented internal audits and reports of these audits are not available to the public. However, what is unofficially available to the CCE indicates that the findings of these audits are predominantly negative.

The State Audit Institution (SAI) in its *Performance audit report on the efficiency of internal audit in the public sector*, published in 2017, covered UoM as well⁶. The SAI notes that UoM has not ensured functional independence to the Internal Audit Unit, which is exercised by independent planning, implementation and reporting of the performed internal audits, in accordance with international standards and Law. The Statute of the UoM has established that the Managing Board of the UoM determines type, scope and deadlines for auditing by its general act. The above provision of the Statute of the UoM is contrary to international standards for internal audit which determined that the Head of Unit for Internal Audit must define plans based on risk in order to identify priority areas of internal audit, which are consistent with the goals of the organization. In addition, this provision is contrary also to the Law on the System of Internal Financial Controls in the Public Sector, which stipulates that strategic and annual plan of performance of internal auditing is developed by the Head of Internal Audit Unit on the basis of objective risk assessment, and those are approved by the Head of the entity.

The SAI also notes that the internal audit unit of UoM, in the period 2014-2015, performed internal auditing exclusively on the basis of the order of the Managing Board and Rector of the UoM. With the conclusion no. 07-536/2 of the Managing Board, from April 2014, the Internal Audit Unit of the UoM is tasked to perform audit for 2011 and 2012 by 1 July 2014 at all organizational units, in the same manner and same procedure as determined by orders issued in 2012. Then, by the Conclusion 07-262/1 of the Managing Board, from January 2015, it is ordered to perform detailed audit of financial operations of all organizational units for 2014. The University of Montenegro, in the period to which these conclusions of the Managing Board relate, consisted of 24 organizational units. Since the Internal Audit Unit of the UoM, in the period 2014-2015, employed one internal auditor, the stated conclusions of the Managing Board prevented the implementation of the adopted strategic plan which is based on a risk assessment in accordance with international standards for internal audit and the guidelines of the Ministry of Finance. The Internal Audit Unit in that period performed 13 internal audits, out of which 11 upon the order of the Managing Board of the UoM and 2 on the order of the Rector. The established practice of performing internal audit upon the order of the Managing Board and the Rector continued in the period from 2015 to 2019, with another auditor employed in the Internal Audit Unit, which is still less than the number of internal auditors prescribed in Article 161 of the Statute (three auditors with a manager).

It should be noted that there were two types of UoM funding until the academic year 2017/18

⁶ Performance audit report on the efficiency of internal audit in the public sector, State Audit Institution, 2017, <http://www.dri.co.me/1/doc/KONA%C4%8CAN%20IZVJE%C5%A0TAJ%20-%20EFIKASNOST%20UNUTRA%C5%AONJE%20REVIZIJE%20U%20JAVNOM%20SEKTORU.pdf>, last insight 20/04/2020



- tuition fees paid by self-funding students and the state budget. By amending the Law in 2017, the status of self-funded students was abolished. A student who is financed from the Budget of Montenegro and who has obtained at least 45 ECTS credits in an academic year enrolled for the first time is entitled to be funded from the budget in the next academic year as well. A student who is financed from the Budget of Montenegro and has obtained less than 45 ECTS credits in an academic year enrolled for the first time can continue studies with the status of self-funding student, and if she/he passes all exams, i.e. gets 60 ECTS credits, s/he will be entitled to budget-funding in the following year.

The Government had to compensate funds to the UoM due to loss of revenue from tuition fees with a prior assessment of the greater stability of the state university if this compensation would be equal with 'capital funds provided for the renovation of university premises'⁷. Thus, from 2018, Financing Agreement has been established for all undergraduate studies at UoM, and from 2021, it will be applied for master studies as well⁸. Accordingly, the budget for UoM was increased by 11.5% (from 17.3 million in 2017 to 19.3 million in 2018 and 2019). The missing funds for the provision of equipment and research are reimbursed from large projects through EU funds. The complete amount of allocated funds from the budget until 2017 was used to cover the costs of salaries of employees 'which is why it recorded multimillion-euros debt'⁹.

UoM allocates financial assistance to student organizations from its own funds, and the procedures for allocating and spending of these funds are non-transparent.

The amount of funds from the state budget allocated for UoM varied from year to year. From 2015 to 2019, total of €88.355.065 was allocated for UoM, and until 2020, total of €109.003.792.

YEAR	ALLOCATION OF BUDGETARY FUNDS FOR UoM in €
2020	20.648.727,00
2019	19.357.229,00
2018	19.357.228,10
2017	17.357.228,04
2016	16.857.228,10
2015	15.426.151,96

Table 1: Funds allocated from the Budget of Montenegro for UoM from 2015 to 2020

7 IEP 2018- Institutional Evaluation Program, page 8

8 Law on Higher Education Article 64a ('Official Gazette of Montenegro', No. 044/14, 052/14, 047 / 15,040 / 16, 042/17, 071/17, 055/18, 003/19, 017/19)

9 Analysis of the state and strategic reorganization plan, UoM, 2015, pages 105, 106, 107

Governing bodies have the institutional responsibility. Management Board and the Rector of UoM are accountable for the lawful and purposeful use of resources provided in accordance with the Law on Higher Education, whose institutional performance audit is provided by independent external and internal financial control¹⁰, further prescribed by *Statute of Montenegro*.¹¹

The Rector is responsible for the preparation of the Consolidated Financial Plan of the UoM, then the Annual and other Financial Reports for consideration and adoption by the Managing Board, as well as for the management of the UoM's budget. The dean or director of each organizational unit of the UoM is responsible for the management and use of the financial funds allocated to that organizational unit and s/he prepares a report regarding these funds.

The Consolidated Financial Plan of the UoM comprise separate financial plans of the organizational units and Student Parliament, accorded with planned incomes from all legal sources of funding and expected budgeted expenditures. The Consolidated Financial Plan of the UoM depicts the needed funds for the implementation of the activities of the University and the Organizational units of the University. *Financial Reports* are prepared in line with international accounting standards. Although the Annual Report of the University is comprised of the separate financial reports of the organizational unit and the Student Parliament, and it is adopted by a prescribed deadline, in accordance with the Law, such separate reports of organizational units are not publicly available. Namely, only the most concise financial report is available on the UoM's website.

Consolidated Public Procurement Plan of UoM comprise separate public procurement plans of goods, services and works of organizational units and the Student Parliament, accorded with the budget positions of the Financial Plan of UoM in compliance with the law.

As the individual financial reports of organizational units are not available, there is no publicly available data on the amounts from tuition fees revenues per unit, as well as from funds generated on the market and from other sources.¹² Until the introduction of free 1st and 2nd study cycles, organizational units had to allocate 45% of the funds received from tuition fees to the budget of UoM. By amending the Statute of UoM in 2018, the Managing Board of UoM determines the amount of allocation for each organizational unit by a general act, and the Statute does not precisely determine the percentage of the allocation. The same refers to the allocation of funds generated from the market and from other sources. The amount of funds allocated per organizational unit depends on the established financial plan and public procurement plan.

¹⁰ Articles 58 and 59 of the Law on Higher Education Articles 58 and 59, 'Official Gazette of Montenegro', No. 044/14, 052/14, 047/15,040/16, 042/17, 071/17, 055/18, 003/19, 017/19

¹¹ Statute of UoM ,2015, amended in 2018

¹² Articles 158 and 159 of the Statute of UoM, 2015, amended in 2018

FINANCIAL PLANS AND REPORTS WITH REVIEW TO THE SOURCE OF FINANCING

Financial planning

Although the Statute of UoM specifies what exactly the Consolidated Financial Plan is, only the summary financial plan of UoM¹³ is published on the UoM's website, without separate financial plans of the organizational units. This limits the public insight into the comprehensiveness and efficiency of these financial plans. The unavailability of separate financial plans of organizational units results in abridgment of the public information about the planned activities, the funds needed for their implementation, as well as the directions of development of university units.

Based on the data available to the CCE, i.e. on the basis of financial plans published on the UoM's website, an analysis of planned revenues and expenditures from 2015 to 2019 was made. These financial plans have been prepared with a higher degree of analytical presentation for certain items of revenues and expenditures. For the sake of comparability with the financial reports, they have been summarized according to the structure given in the Cash Flow Statement IV. The following table provides a cross-section of planned revenues and expenditures with the cash balance on UoM's giro accounts at the beginning and the end of the year.

UNIVERSITY OF MONTENEGRO				2015	2016	2017	2018	2019	2019/2015
FINANCIAL PLAN									
Cash balance on giro accounts of the University on 01.01.				2.709.720,68	2.815.628,05	5.682.476,53	5.554.488,62	10.718.817,51	395,57%
TOTAL REVENUE				30.473.338,93	31.765.191,12	31.288.466,92	30.868.110,04	34.168.156,63	112,12%
TOTAL EXPENDITURE				32.901.796,87	32.115.827,27	33.405.432,66	31.781.414,59	41.568.379,45	126,34%
Balance				-2.428.457,94	-350.636,15	-2.116.965,74	-913.304,55	-7.400.222,82	304,73%
Cash balance on 31.12.				281.262,74	2.464.991,90	3.565.510,79	4.641.184,07	3.318.594,69	1179,89%
Chart of Accounts	Ek 3	Serial numb	Description	2015	2016	2017	2018	2019	2019/2015
		1	RECEIPTS	30.473.338,93	31.765.191,12	31.288.466,92	30.868.110,04	34.168.156,63	112,12%
11		1.1	Total general revenues	14.126.122,00	17.938.583,76	20.025.791,47	20.248.744,86	21.606.137,80	152,95%
12		1.2	Total earmarked revenue	5.073.061,93	4.718.330,36	3.049.677,14	1.967.655,82	2.980.576,50	58,75%
13		1.3	Total own revenue	9.912.590,00	8.801.551,20	7.847.599,71	8.159.321,18	6.672.645,62	67,31%
14		1.4	Total revenues from the sale of assets	600.000,00	176.975,80	246.648,60	309.388,18	2.577.067,43	429,51%
16		1.6	Total donations	761.565,00	120.750,00	111.250,00	134.000,00	331.729,28	43,56%
18		1.8	Total borrowings and loans	0,00	9.000,00	7.500,00	49.000,00	0,00	
1		1	Total receipts (1.1+1.2+1.3+1.4+1.5+1.6+1.7+1.8)	30.473.338,93	31.765.191,12	31.288.466,92	30.868.110,04	34.168.156,63	112,12%
		2	EXPENDITURES	32.901.796,87	32.115.827,27	33.405.432,66	31.781.414,60	41.568.379,45	126,34%
		2.1	Current expenditures	28.151.872,65	27.721.013,24	27.718.543,21	26.888.588,44	28.796.165,81	102,29%

21	211	2.1.1	Total gross earnings and contributions charged to employer	15.443.746,38	19.325.236,96	19.657.294,05	19.514.444,19	19.396.641,59	125,60%
21	212	2.1.2	Total other personal earnings	4.639.417,96	505.951,32	654.642,60	536.505,33	702.954,35	15,15%
21	213	2.1.3	Total expenses for materials	1.853.181,79	1.600.340,37	1.374.105,00	1.329.304,00	1.570.660,14	84,75%
21	214	2.1.4	Total expenses for services	2.334.976,60	2.781.834,12	2.663.391,64	2.313.276,74	2.971.341,02	127,25%
21	215	2.1.5	Total expenses for current maintenance	347.500,00	325.100,00	301.828,22	372.450,00	598.109,00	172,12%
21	216	2.1.6	Total interests	0,00	208.000,00	2.000,00	0,00	0,00	
21	217	2.1.7	Total rents	82.350,98	90.000,00	51.300,00	33.950,00	50.480,00	61,30%
21	219	2.1.9	Total other expenditures	3.450.698,94	2.884.550,47	3.013.981,70	2.788.658,18	3.505.979,71	101,60%
		2.2	Transfers for social protection	0,00	0,00	0,00	0,00	0,00	
22		2.2.1	Total redundancy funds	0,00	0,00	0,00	0,00	0,00	
23		2.3	Total transfers to institutions, individuals, non-governmental and public sector	973.839,75	1.462.426,96	3.072.585,95	2.434.507,24	6.364.768,36	653,57%
24		2.4	Total capital expenditures	3.727.452,47	2.922.355,07	2.551.022,50	2.418.204,72	4.569.715,54	122,60%
25		2.5	Total borrowings and loans	0,00	2.832,00	1.885,00	32.050,00	1.706.235,01	60248,41%
26		2.6	Total repayment of liabilities	48.632,00	7.200,00	61.396,00	8.064,20	131.494,73	270,39%
		II	Total expenditure (2.1+2.2+2.3+2.4+2.5+2.6+2.7+2.8)	32.901.796,87	32.115.827,27	33.405.432,66	31.781.414,60	41.568.379,45	126,34%

Table 2 - planned incomes and expenditures from 2015 to 2019

Data on the amount of planned cash balance on UoM's giro accounts from the analysed period (2015 to 2019), indicate significant deviations of the balance at the end of the previous year compared to the beginning of the current year. These deviations ranged from €1.988.977,83 to €6.077.633,44.

FINANCIAL PLAN	2015	2016	2017	2018	2019
Cash balance on giro accounts of the University					
Date 01.01.	2.709.720,68	2.815.628,05	5.682.476,53	5.554.488,62	10.718.817,51
Date 31.12.	281.262,74	2.464.991,90	3.565.510,79	4.641.184,07	3.318.594,69
Discrepancy of the previous year on 31.12. with the current year on 01.01.		2.534.365,31	3.217.484,63	1.988.977,83	6.077.633,44

Table 3 - Cash balance on giro accounts by financial plans from 2015 to 2019

For example, according to the financial plan for 2018, planned cash balance on 31/12/2018 amounted to € 4.641.184,07, while the financial plan for 2019 on 01/01/2019 mentioned cash balance amounted to € 10.718.817,51.

In addition, a comparative analysis of the planned and spent cash balance on the accounts of UoM was conducted using the data from the Financial Plan and the Cash Flow Statement IV (CFS), that were published on the UoM's website for the observed period.

CASH BALANCE ON GIRO ACCOUNTS OF THE UNIVERSITY					
Cash balance on giro accounts of the University		Financial plan	CFS IV	Difference	% realization
		1	2	3(2-1)	4(2/1)
2015	01.01.	2.709.720,68	4.144.058,24	1.434.337,56	152,93%
	31.12.	281.262,74	4.479.496,40	4.198.233,66	1592,64%
2016	01.01.	2.815.628,05	4.479.496,40	1.663.868,35	159,09%
	31.12.	2.464.991,90	7.049.595,57	4.584.603,67	285,99%
2017	01.01.	5.682.476,53	7.049.595,57	1.367.119,04	124,06%
	31.12.	3.565.510,79	7.333.693,93	3.768.183,14	205,68%
2018	01.01.	5.554.488,62	7.333.693,93	1.779.205,31	132,03%
	31.12.	4.641.184,07	11.608.349,00	6.967.164,93	250,12%
2019	01.01.	10.718.817,51	11.608.349,00	889.531,49	108,30%
	31.12.	3.318.594,69	13.420.400,00	10.101.805,31	404,40%

Table 4 - comparative presentation of the cash balance on giro accounts in the financial plans and CFS from 2015 to 2019

These data also indicate significant deviations of the planned cash balance in relation to the spent, both at the beginning and at the end of the reporting period, and these ranged from 108,30% to 1.592,64%, i.e. from € 889.531,49 to 10.101,805.31 €.

The range in these deviations, along with the non-transparency of financial plans and reports of the organizational units, indicate the worrying deficiencies in the functioning of the internal controls and corresponding professional responsibility of persons involved in the planning process both at the UoM and its organizational units. Having in mind the continuity of the deviations, it is clear that this issue is not given due attention, but also that there is no established system of monitoring and effective accountability.

Furthermore, a comparative analysis of planned revenues was conducted based on the data from the financial plans for 2015 to 2019. It determined the constant growth of general, i.e. revenues from the budget of Montenegro, which in the assessed period comprises 59.25% of the total planned revenues.

Serial numb	Descriptin	2015	2016	2017	2018	2019	Total	% realization
1	General revenues	14.126.122,00	17.938.583,76	20.025.791,47	20.248.744,86	21.606.137,80	93.945.379,89	59,25%
2	Earmarked revenue	5.073.061,93	4.718.330,36	3.049.677,14	1.967.655,82	2.980.576,50	17.789.301,75	11,22%
3	Own revenues	9.912.590,00	8.801.551,20	7.847.599,71	8.159.321,18	6.672.645,62	41.393.707,71	26,11%
4	Revenues from the sale of assets	600.000,00	176.975,80	246.648,60	309.388,18	2.577.067,43	3.910.080,01	2,47%
5	Donations	761.565,00	120.750,00	111.250,00	134.000,00	331.729,28	1.459.294,28	0,92%
6	Borrowings and loans	0,00	9.000,00	7.500,00	49.000,00	0,00	65.500,00	0,04%
Total receipts (1.1+1.2+1.3+1.4+1.5+1.6+1.7+1.8)		30.473.338,93	31.765.191,12	31.288.466,92	30.868.110,04	34.168.156,63	158.563.263,64	100,00%

Table 5 - Planned revenues from 2015 to 2019

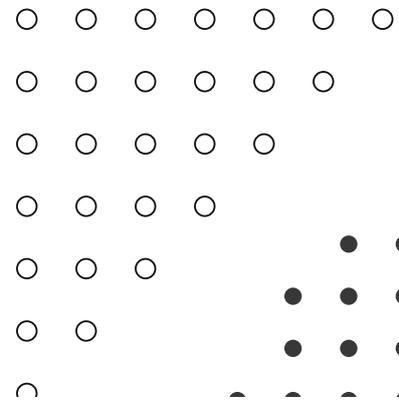
This is accompanied by a significant increase in planned revenues from the sale of assets in 2019, as compared to previous years (the amount of € 2.577.067,43 is planned for 2019, which is € 1.244.054,85 more than the planned revenues for the previous four years). On the other hand, donations as a planned source of funding record a decreasing trend compared to 2015. It is similar with earmarked and own source revenues, which, with certain deviations, comprise 11.22% and 26.11% in the total planned revenues.

Planned expenditures for the period 2015 to 2019 amounted to € 171.772.850,85, being mostly related to expenditures for salaries (€ 93.337.363,17) which represent 54.34% of all planned expenditures. This is followed with transfers to institutions, individuals, non-governmental and public sector at the rate of 8,33%, capital expenditures 9,42% and other expenditures 9,11%.

A comparative analysis of planned expenditures for this period indicates that expenditures for gross wages record an increase. Planned expenditures in the amount of € 15.443.746,38 in 2015 were increased to € 19.396.641,59 in 2019. Furthermore, the planned expenditures for transfers in 2019 amounted to € 6.364.768,36, and compared to 2015 these were increased by € 5.390.928,61. Expenditures for other personal earnings comprise 4,10% in the structure of total expenditures and indicate a steady growth tendency after a large decrease in 2016 compared to 2015, while the planned expenditures for loans and credits in 2019 amounted to € 1.706.235,01, which is € 1.669.468,01 more than the total planned expenditures for the previous four years (€ 36.767,00).

Serial numb	Description	2015	2016	2017	2018	2019	Ukupno	% učešća
2.1	Current expenditures	28.151.872,65	27.721.013,24	27.718.543,21	26.888.588,44	28.796.165,81	139.276.183,35	81,08%
2.1.1	Gross earnings and contributions charged to employer	15.443.746,38	19.325.236,96	19.657.294,05	19.514.444,19	19.396.641,59	93.337.363,17	54,34%
2.1.2	Other personal earnings	4.639.417,96	505.951,32	654.642,60	536.505,33	702.954,35	7.039.471,56	4,10%
2.1.3	Expenses for materials	1.853.181,79	1.600.340,37	1.374.105,00	1.329.304,00	1.570.660,14	7.727.591,30	4,50%
2.1.4	Expenses for services	2.334.976,60	2.781.834,12	2.663.391,64	2.313.276,74	2.971.341,02	13.064.820,12	7,61%
2.1.5	Expenses for current maintenance	347.500,00	325.100,00	301.828,22	372.450,00	598.109,00	1.944.987,22	1,13%
2.1.6	Interests	0,00	208.000,00	2.000,00	0,00	0,00	210.000,00	0,12%
2.1.7	Rent	82.350,98	90.000,00	51.300,00	33.950,00	50.480,00	308.080,98	0,18%
2.1.9	Other expenditures	3.450.698,94	2.884.550,47	3.013.981,70	2.788.658,18	3.505.979,71	15.643.869,00	9,11%
2.3	Transfers to institutions, individuals, non-governmental and public sector	973.839,75	1.462.426,96	3.072.585,95	2.434.507,24	6.364.768,36	14.308.128,26	8,33%
2.4	Capital expenditures	3.727.452,47	2.922.355,07	2.551.022,50	2.418.204,72	4.569.715,54	16.188.750,30	9,42%
2.5	Borrowings and loans	0,00	2.832,00	1.885,00	32.050,00	1.706.235,01	1.743.002,01	1,01%
2.6	Repayment of liabilities	48.632,00	7.200,00	61.396,00	8.064,20	131.494,73	256.786,93	0,15%
II	Total expenditure (2.1+2.2+2.3+2.4+2.5+2.6+2.7+2.8)	32.901.796,87	32.115.827,27	33.405.432,66	31.781.414,60	41.568.379,45	171.772.850,85	100,00%

Table 6 - planned expenditures from 2015 to 2019



Financial reports

The Law on Budget and Fiscal Responsibility¹⁴ specifies that UoM is obliged to submit to the Ministry of Finance an accurate and complete report on revenues, expenditures and contractual obligations¹⁵. The Ministry of Finance determines the manner of preparing, producing and submitting the annual accounts. These annual accounts shall be submitted by the end of February of the current for the previous fiscal year¹⁶.

Rulebook on the Manner of Drafting, Compiling and Filing Financial Statements of the Budget, State Funds and Local Self- Government Units¹⁷ prescribes the manner of preparation and submission of quarterly and annual financial reports of the Budget of Montenegro, spending units of the Budget of Montenegro, state funds, budgets of local self-government units and other legal entities funded from the Budget of Montenegro on the basis of special regulations.

Pursuant to Article 5 of the Rulebook, public institutions that generate revenue by performance of their activities, which are not included in the Consolidated Account of the State Treasury, submit quarterly financial reports to the competent authorities (ministries, state funds, etc.), no later than the 10th day of the first quarter of the current year, on forms 4 and 5 from Article 2 of the Rulebook. Public institutions submit annual financial reports to the competent authorities (ministries, state funds, etc.), no later than the 1 February of the current for the previous year, on forms no 4 and 5, as follows: Form 4 - Statement of Cash Flows IV and Form 5 - Statement of Arrears. Competent bodies (ministries, state funds, etc.) deliver Consolidated statement of a spending unit with public institutions in its structure to the Ministry by the end of the February of the current for the previous year, on forms 5 and 6 of the Rulebook.

The Statute of the UoM prescribes that the Rector is responsible for the management of the UoM's budget as well as for the preparation of the Annual and other Financial Reports of UoM for consideration and adoption by the Managing Board. The Financial Reports are prepared according to international accounting standards.

The Statute defines that the Annual Report of the UoM is comprised of the separate financial reports of the organizational units and the Student Parliament, and it is adopted by a prescribed deadline, in accordance with the Law. The dean or director of the organizational unit of the UoM is responsible for the management and use of the financial funds allocated to the organizational units of the UoM and prepares a report regarding these funds.

¹⁴ 'Official Gazette of Montenegro', no. 020/14,... 55/18

¹⁵ Article 44 of the Law on Budget and Fiscal Responsibility, 'Official Gazette of Montenegro', no. 020/14,... 55/18

¹⁶ Article 65 of the Law on Budget and Fiscal Responsibility, 'Official Gazette of Montenegro', no. 020/14,... 55/18

¹⁷ 'Official Gazette of Montenegro', no. 023/14

Although the Statute clearly envisage what Annual Financial Report should contain, on the UoM's website, in this section¹⁸, only the Statement of Cash Flows IV and - Statement of Arrears are published as a summary of receipts and expenditures, i.e. outstanding liabilities of organizational units of UoM by years, without individual financial statements of organizational units. This means that on the UoM's web page, in the section 'Financial reports', not all reports related to the annual financial statements are published as prescribed by the Statute of the UoM, which supports the CCE's previous findings on UoM's non-transparency, whether it is direct hiding of the data or by partial publishing and with hiding those who can clarify the essence.

According to the available data at the UoM's website, it was determined that from 2015 to 2019, all financial reports were submitted within the deadline defined in Article 5 of the Rulebook (1 February of the current year), except for the Financial Report for 2015, which was submitted on 25/02/2016, i.e. with a delay of 25 days.

Cash flow statement IV

Total revenues, according to the Cash Flow Statements IV from 2015 to 2019, in 2015 amounted € 30.375.782,23, in 2016 total of €31.825.742,90, in 2017 total of €29.373.698,03, in 2018 total of €31.552.800, and in 2019 total of €32.398.889.

Total expenditures in 2015 amounted to €30.040.344,07, in 2016 total of €29.255.643,73, in 2017 total of €29.089.596,55, in 2018 total of € 29.089.596,55 and in 2019 total of € 30.586.840.

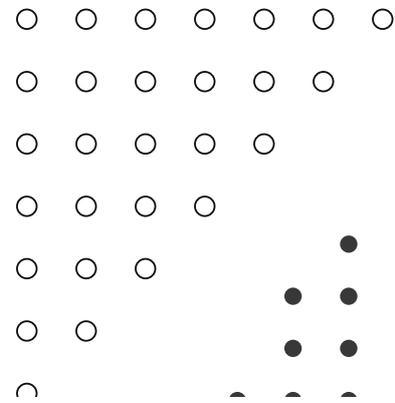
The cash balance at the end of 2015 amounted to €4.479.496,40, in 2016 total of €7.049.595,57, in 2017 total of €7.333.693,93, in 2018 total of €11.608.349 and in 2019 total of €13.420.400.

Serial num	CASH FLOW-ECONOMIC CLASSIFICATION	2015				2016				2017			
		Plan	Execution		Total (4+5)	Plan	Execution		Total (4+5)	Plan	Execution		Total (4+5)
		Current year (from the budget)	Current year (from the budget)	Current year (own revenues)		Current year (from the budget)	Current year (from the budget)	Current year (own revenues)		Current year (from the budget)	Current year (from the budget)	Current year (own revenues)	
1	2	3,00	4,00	5,00	6 (5/3)	7	8	9	10(8+9)	11	12	13	14 (12+13)
1.	RECEIPTS	15.426.151,96	15.426.151,96	14.949.630,27	30.375.782,23	16.857.228,10	16.857.228,10	14.968.514,80	31.825.742,90	17.357.228,04	17.357.228,04	12.016.468,99	29.373.697,03
1.1	General revenues	15.426.151,96	15.426.151,96	0,00	15.426.151,96	16.857.228,10	16.857.228,10	0	16.857.228,10	17.357.228,04	17.357.228,04	0	17.357.228,04
1.2	Earmarked revenue	0,00	0,00	3.524.612,17	3.524.612,17	0	0	4.341.387,62	4.341.387,62	0	0	2.287.120,93	2.287.120,93
1.3	Own revenue	0,00	0,00	10.409.857,25	10.409.857,25	0	0	9.825.669,67	9.825.669,67	0	0	9.017.517,98	9.017.517,98
1.4	Revenues from the sale of assets	0,00	0,00	264.343,17	264.343,17	0	0	87.899,20	87.899,20	0	0	15.947,00	15.947,00
1.5	Loan repayment receipts	0,00	0,00	11.442,77	11.442,77	0	0	0	0	0	0	0	0
1.6	Donations	0,00	0,00	104.833,20	104.833,20	0	0	51.780,00	51.780,00	0	0	93.148,66	93.148,66
1.7	Transfers	0,00	0,00	634.510,71	634.510,71	0	0	650.123,94	650.123,94	0	0	594.737,53	594.737,53
1.7.1	Transfers from Health Insurance Fund	0,00	0,00	0,00	0,00	0	0	0	0	0	0	0	0
1.7.2	Other transfers	0,00	0,00	634.510,71	634.510,71	0	0	650.123,94	650.123,94	0	0	594.737,53	594.737,53
1.8	Loans and borrowings	0,00	0,00	31,00	31,00	0	0	11.654,37	11.654,37	0	0	7.996,89	7.996,89
I	Total receipts (1.1+1.2+1.3+1.4+1.5+1.6+1.7+1.8)	15.426.151,96	15.426.151,96	14.949.630,27	30.375.782,23	16.857.228,10	16.857.228,10	14.968.514,80	31.825.742,90	17.357.228,04	17.357.228,04	12.016.468,99	29.373.697,03
2.	EXPENDITURES	15.426.151,96	15.426.151,96	14.614.192,11	30.040.344,07	16.857.228,10	16.857.228,10	12.398.415,63	29.255.643,73	17.357.228,04	17.357.228,04	11.732.368,51	29.089.596,55
2.1	Current expenditures	15.426.151,96	15.426.151,96	11.956.218,50	27.382.370,46	16.857.228,10	16.857.228,10	9.059.187,40	25.916.415,50	17.357.228,04	17.357.228,04	9.015.020,75	26.372.248,79
2.1.1	Gross earnings and contributions charged to employer	15.426.151,96	15.426.151,96	4.587.446,50	20.013.598,46	16.507.228,10	15.735.414,56	3.692.350,07	19.427.764,63	17.357.228,04	17.357.228,04	2.437.350,55	19.794.578,59
2.1.2	Other personal earnings	0,00	0,00	374.211,57	374.211,57	0	2.980,96	210.136,57	213.117,53	0	0	102.839,17	102.839,17
2.1.3	Expenses for materials	0,00	0,00	1.342.105,22	1.342.105,22	350.000,00	319.115,10	1.065.088,73	1.384.203,83	0	0	1.402.597,08	1.402.597,08
2.1.4	Expenses for services	0,00	0,00	1.953.251,37	1.953.251,37	0	748,47	1.998.261,05	1.999.009,52	0	0	1.985.952,06	1.985.952,06
2.1.5	Expenses for current maintenance	0,00	0,00	97.753,01	97.753,01	0	0	113.841,39	113.841,39	0	0	164.706,62	164.706,62
2.1.6	Interests	0,00	0,00	7.317,83	7.317,83	0	0	1.880,00	1.880,00	0	0	0	0
2.1.7	Rent	0,00	0,00	47.231,27	47.231,27	0	0	69.407,17	69.407,17	0	0	33.058,91	33.058,91
2.1.8	Subsidies	0,00	0,00	0,00	0,00	0	0	0	0	0	0	0	0
2.1.9	Other expenditures	0,00	0,00	3.546.901,73	3.546.901,73	0	798.969,01	1.908.222,42	2.707.191,43	0	0	2.888.516,36	2.888.516,36
2.2	Transfers for social protection	0,00	0,00	0,00	0,00	0	0	0	0	0	0	0	0
2.2.1	Redundancy funds	0,00	0,00	0,00	0,00	0	0	0	0	0	0	0	0
2.3	Transfers to institutions, individuals, non-governmental and public sector	0,00	0,00	1.445.636,93	1.445.636,93	0	0	1.536.533,38	1.536.533,38	0	0	1.443.846,58	1.443.846,58
2.4	Capital expenditures	0,00	0,00	1.174.008,37	1.174.008,37	0	0	1.748.826,22	1.748.826,22	0	0	1.220.358,53	1.220.358,53
2.5	Borrowings and loans	0,00	0,00	32.641,80	32.641,80	0	0	44.842,76	44.842,76	0	0	49.337,98	49.337,98
2.6	Repayment of liabilities	0,00	0,00	5.686,51	5.686,51	0	0	9.025,87	9.025,87	0	0	3.804,67	3.804,67
2.7	Reserve	0,00	0,00	0,00	0,00	0	0	0	0	0	0	0	0
II	Total expenditure (2.1 + 2.2 + 2.3 + 2.4 + 2.5 + 2.6 + 2.7)	15.426.151,96	15.426.151,96	14.614.192,11	30.040.344,07	16.857.228,10	16.857.228,10	12.398.415,63	29.255.643,73	17.357.228,04	17.357.228,04	11.732.368,51	29.089.596,55
III	Cash increase / decrease (I-II)	0,00	0,00	335.438,16	335.438,16	0	0	2.570.099,17	2.570.099,17	0	0	284.100,48	284.100,48
IV	Cash balance at the beginning of the period	0,00	0,00	4.144.058,24	4.144.058,24	0	0	4.479.496,40	4.479.496,40	0	0	7.049.593,45	7.049.593,45
V	Cash balance at the end of the period	0,00	0,00	4.479.496,40	4.479.496,40	0	0	7.049.595,57	7.049.595,57	0	0	7.333.693,93	7.333.693,93



Redni broj	CASH FLOW-ECONOMIC CLASSIFICATION	2018				2019				UKUPNO				
		Plan	Execution		Total (4+5)	Plan	Execution		Total (4+5)	Plan	Execution		Total (4+5)	% participation
		Current year (from the budget)	Current year (from the budget)	Current year (own revenues)		Current year (from the budget)	Current year (from the budget)	Current year (own revenues)		Budget of Montenegro	Budget of Montenegro	Current year (own revenues)		
1	2	15	16	17	18 (16+17)	19	20	21	22 (20+21)	23	24	25	26 (24+25)	27
1.	RECEIPTS	19.357.228	19.357.228	12.195.572	31.552.800	19.357.229	19.357.229	13.041.660	32.398.889	88.355.065	88.355.065	67.171.846	155.526.911	100,00%
1.1	General revenues	19.357.228	19.357.228	0	19.357.228	19.357.229	19.357.229	0	19.357.229	88.355.065	88.355.065	0	88.355.065	56,81%
1.2	Earmarked revenue	0	0	3.271.355	3.271.355	0	0	3.139.895	3.139.895	0	0	16.564.371	16.564.371	10,65%
1.3	Own revenue	0	0	7.822.788	7.822.788	0	0	7.425.727	7.425.727	0	0	44.501.560	44.501.560	28,61%
1.4	Revenues from the sale of assets	0	0	719.784	719.784	0	0	2.113.375	2.113.375	0	0	3.201.348	3.201.348	2,06%
1.5	Loan repayment receipts	0	0	0	0	0	0	0	0	0	0	11.443	11.443	0,01%
1.6	Donations	0	0	114.656	114.656	0	0	161.180	161.180	0	0	525.598	525.598	0,34%
1.7	Transfers	0	0	182.331	182.331	0	0	197.983	197.983	0	0	2.259.686	2.259.686	1,45%
1.7.1	Transfers from Health Insurance Fund	0	0	0	0	0	0	0	0	0	0	0	0	0,00%
1.7.2	Other transfers	0	0	182.331	182.331	0	0	197.983	197.983	0	0	2.259.686	2.259.686	1,45%
1.8	Loans and borrowings	0	0	84.659	84.659	0	0	3.500	3.500	0	0	107.841	107.841	0,07%
I	Total receipts (1.1+1.2+1.3+1.4+1.5+1.6+1.7+1.8)	19.357.228	19.357.228	12.195.572	31.552.800	19.357.229	19.357.229	13.041.660	32.398.889	88.355.065	88.355.065	67.171.846	155.526.911	100,00%
2.	EXPENDITURES	19.357.228	19.207.442	8.070.703	27.278.145	19.357.229	19.506.961	11.079.879	30.586.840	88.355.065	88.355.011	57.895.558	146.250.569	100,00%
2.1	Current expenditures	19.357.228	19.207.442	5.750.135	24.957.578	19.357.229	19.506.961	6.552.110	26.059.071	88.355.065	88.355.011	42.332.672	130.687.684	89,36%
2.1.1	Gross earnings and contributions charged to employer	17.741.076	17.741.076	1.309.579	19.050.654	17.595.212	17.595.212	1.347.959	18.943.171	84.626.896	83.855.083	13.374.685	97.229.767	66,48%
2.1.2	Other personal earnings	37.050	37.050	101.997	139.047	0	0	127.566	127.566	37.050	40.031	916.750	956.781	0,65%
2.1.3	Expenses for materials	183.325	183.325	1.291.665	1.474.990	127.572	127.572	1.218.874	1.346.446	660.897	630.012	6.320.330	6.950.342	4,75%
2.1.4	Expenses for services	1.033	1.033	1.664.765	1.665.798	249	249	1.893.235	1.893.484	1.282	2.030	9.495.464	9.497.495	6,49%
2.1.5	Expenses for current maintenance	0	0	136.702	136.702	0	0	108.414	108.414	0	0	621.417	621.417	0,42%
2.1.6	Interests	0	0	0	0	0	0	0	0	0	0	9.198	9.198	0,01%
2.1.7	Rent	0	0	9.498	9.498	0	0	27.009,00	27.009,00	0	0	186.204	186.204	0,13%
2.1.8	Subsidies	0	0	0	0	0	0	0	0	0	0	0	0	0,00%
2.1.9	Other expenditures	1.394.744	1.244.958	1.235.929	2.480.887	1.634.196	1.783.928	1.829.053	3.612.981	3.028.940	3.827.855	11.408.623	15.236.478	10,42%
2.2	Transfers for social protection	0	0	0	0	0	0	0	0	0	0	0	0	0,00%
2.2.1	Redundancy funds	0	0	0	0	0	0	0	0	0	0	0	0	0,00%
2.3	Transfers to institutions, individuals, non-governmental and public sector	0	0	1.334.813	1.334.813	0	0	2.019.693	2.019.693	0	0	7.780.523	7.780.523	5,32%
2.4	Capital expenditures	0	0	823.899	823.899	0	0	2.421.495	2.421.495	0	0	7.388.587	7.388.587	5,05%
2.5	Borrowings and loans	0	0	155.644	155.644	0	0	65.758	65.758	0	0	348.225	348.225	0,24%
2.6	Repayment of liabilities	0	0	6.212	6.212	0	0	20.823	20.823	0	0	45.552	45.552	0,03%
2.7	Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0,00%
II	Total expenditure (2.1 + 2.2 + 2.3 + 2.4 + 2.5 + 2.6 + 2.7)	19.357.228	19.207.442	8.070.703	27.278.145	19.357.229	19.506.961	11.079.879	30.586.840	88.355.065	88.355.011	57.895.558	146.250.569	100,00%
III	Cash increase / decrease (I-II)	0	149.786	4.124.870	4.274.655	0	-149.732	1.961.781	1.812.049					
IV	Cash balance at the beginning of the period	0	0	7.333.694	7.333.694	0	149.786	11.458.565	11.608.351					
V	Cash balance at the end of the period	0	149.786	11.458.564	11.608.349	0	54	13.420.346	13.420.400					

Table 7 – cross-section of the Statement of Cash Flows IV from 2015 to 2019



Data analysis from these reports, in the review period, indicates that the total receipts of UoM amounted to € 155.526.911, of which from the Budget total of € 88.355.065, and those from own revenues amounted to € 67.171.846. In the same period, the total expenditures amounted to € 146.250.569, of which € 88.355.065 is from the Budget of Montenegro, and € 57.895.558 from own funds.

More precisely, the overall revenues from the Budget of Montenegro were € 88.355.065, earmarked revenues in the amount of € 16.564.371, own revenues € 44.501,560, revenues from the sale of assets in the amount of € 3.201.348, revenues from loan repayment € 11.443, donations € 525.598, transfers in the amount of € 2.259.686 and loans and credits in the amount of € 107.841.

Total expenditures in the amount of € 146.250.569 relate to expenditures for gross salaries and contributions paid by the employer in the amount of € 97.229.767, other personal earnings € 956.781, expenses for material € 6.950.342, expenses for services € 9.497.495, expenses for current maintenance € 621.417, interest expenses € 9.198, rent expenses € 186.204 and other expenditures in the amount of € 15.236.487, transfers to institutions, individuals, non-governmental and public sector € 7.780.523, capital expenditures € 7.388.587, borrowings and loans € 348.225 and expenditures for repayment of debt € 45.552. Expenditures for gross salaries have the largest share in the total expenditures with 66.48%, other expenditures with 10.42%, expenses for services 6.49%, etc.

A more detailed analysis of these receipts and expenditures cannot be conducted despite duly submitted requests for access to data pursuant to the Free Access to Information Law and numerous response reminders, as the UoM has not submitted the requested documentation. It only offered insight into it which made access to information meaningless, having in mind their scope and complexity. But, even from the available documentation, it can be concluded that the analysis of a larger number of receipt and expenditure items would be crucial for further understanding of the manner of financial management at UoM, especially when it comes to the sale of assets, donations, transfers, salaries and other fees of employees, other expenses, rents, capital expenditures, etc. The fact that UoM also hides the information that it should publish, either in accordance with the law or proactively, raises doubts about the content of the available financial documentation and the reasons for the UoM's persistent refusal to deliver it in its entirety to the interested public.

It is important to emphasize that the available UoM's financial documentation leads to the following conclusions:

- In the Cash Flow Statements IV, only the planned funds from the Budget are reported in the column for plans. Pursuant to the Law on Budget and Fiscal Responsibility, public institutions that generate revenues from performing their own activities, which are not included in the Consolidated Treasury Account, may use such revenues to finance current and capital expenditures, with a consent of the Ministry of Finance to the plan of revenues and expenditure for the fiscal year and prior notification to the state administration authority in charge of supervision. If the Budget of Montenegro planned expenditures of UoM based on data from

the UoM's financial plans (budget and own funds), a basis for consolidation of UoM's own revenues and expenditures would be created and a better control system would be established;

- All planned budgetary allocations from 2015 to 2019 were fully transferred to the UoM through transfers to education (user code 407022021), in accordance with the laws on the final statement of accounts of the State Budget of Montenegro for that period;
- Insight into the expenditures funded from the Budget determined that these were fully spent within the review period, except in 2018, when € 149.786 remained unspent on the UoM's accounts. Although the statement of the UoM for 2018 (Cash Flow Statements IV) reports that planned € 149.786 remained unspent on the accounts, the Law on Final Statement of Accounts of the State Budget of Montenegro for 2018¹⁹ confirmed that planned funds in the amount of € 19.357.228,10 were reallocated to the UoM through the transfer. This means that the Budget for 2018 depicts higher expenditures of unspent funds on the UoM's accounts in the amount of € 149.786;
- Budgetary funds are fully spent, whereas funds from own sources are accumulated on the UoM's accounts, amounting to € 4.144.058,24 at the beginning of 2015 and € 13.420.400 at the end of 2019. The analysis of receipts and expenditures from own sources indicates that, within the review period, there is a decrease in both receipts and expenditures and an increase in cash balances in the accounts. The UoM has implemented a total of 26 projects²⁰, as publicized at their website, whose implementation began on 1 October 2012, whereby the last one will be closed by 15 October 2020. Considering that only one project remained to be finished by 15 October 2020, the growth of cash balance on the UoM's accounts can only be partially caused by the implementation of this project, while as a consequence of that growth there is an increase in receipts from the sale of the assets, own revenues, donations, etc;
- In addition to salaries funded from the Budget, UoM also funds salaries and other personal earnings of employees from its own funds. Salaries of employees are calculated and paid in accordance with the Labor Law, Law on Wages of Civil Servants, the General Collective Agreement and the Collective Agreement of UCG (Articles 19 - 32). We assume that salaries and other compensations were paid from own sources based on contracts for additional work on projects, membership in various commissions and working groups, etc. but this could not be verified. Given the overall non-transparency of financial reporting, the unavailability of internal audit reports that should ultimately inform the public about the legality of overall spending at the UoM, there is a suspicion that fees of those involved in project implementation are paid through contracts for additional work. Implementation of these contracts opens additional question concerning the time of performing the contracted activities (regular working hours or in addition to working hours and proofs for that), which could also affect the quality of the educational process. Moreover, it is questionable whether these contracts comply with the legal limits regarding the duration, and whether the jobs for which employees are hired under contracts for additional work correspond to the job description to which they are already assigned, as well as whether the compensations paid on the basis of additional work are adjusted to the salaries of persons who perform the same or similar jobs (if that is the case) in proportion to the time of engagement, etc;
- Special attention should be paid to revenues from the sale of UoM's property, which in the review period amounted to € 3.201.348,00 while € 2.133.375 was generated in 2019. Based on data

19 'Official Gazette of Montenegro' no. 71/19

20 Appendix no.1 of this analysis

from the media, it was determined that UoM, pursuant to the Decision of the Managing Board no. 02-320/1 from 19 November 2018 and the prior consent of the Government of Montenegro from 29 December 2018, published a public call for bids for the sale of land of 4.396m² owned by the UoM at an estimated value of € 1.586.956,00. A call was open until 15 January 2019. According to the available information, the funds from the sale are intended for the Development Fund of UoM and the Housing Fund of UoM in the proportion of 30:70%. Also, the UoM initiated sale of 16 apartments with an area of 74 to 78m² at a price of € 1.010 per m², through a public call that was open until 11 January 2019. Earnings of almost 1.3 million euros were planned from the sale of these apartments. Data from the officially published UoM's reports for 2019 indicate that planned revenues from the sale of property amounted to € 2.577.067,43 but these were realized in the amount of € 2.113.375,00, which is € 463.692,43 less than planned, i.e. € 773.581 less than the estimated value of the immovable that was the subject of the sale.

Regardless the fact that the University got the approval from the Government of Montenegro for selling property, in light of the Law on State Property it is established as follows:

- Incomes from the sale of state assets are not recorded in the State Treasury General Ledger, i.e. in the Draft Law on Final Account of 2019 Budget of Montenegro, nor were outcomes on the basis of which the Government redirected incomes from the sale to the University under the Development Fund and Housing Fund in the ratio 30: 70%, whereby the incomes and outcomes are reported in a smaller amount;
- By giving consent for the sale of state assets, funds were earned for the financing the Housing Fund of the UoM, which, in accordance with the Housing Strategy, are planned for the allocation of 260 apartments under favorable conditions, based on the rulebook which prescribes that the price of an apartment will be reduced by up to 75% for certain employees. This practically means that the Government has given its consent for the sale of state assets that will be poured to the private pockets of UoM's employees.

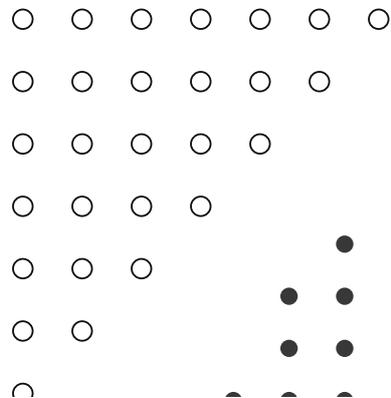
Serial numb	PLANNED/EXECUTED	2015			2016			2017		
		Plan	Execution	%	Plan	Execution	%	Plan	Execution	%
1.	RECEIPTS	30.473.338,93	30.375.782,23	99,68%	31.765.191,12	31.825.742,90	100,19%	31.288.466,92	29.373.697,03	93,88%
1.1	General revenues	14.126.122,00	15.426.151,96	109,20%	17.938.583,76	16.857.228,10	93,97%	20.025.791,47	17.357.228,04	86,67%
1.2	Earmarked revenue	5.073.061,93	3.524.612,17	69,48%	4.718.330,36	4.341.387,62	92,01%	3.049.677,14	2.287.120,93	75,00%
1.3	Own revenue	9.912.590,00	10.409.857,25	105,02%	8.801.551,20	9.825.669,67	111,64%	7.847.599,71	9.017.517,98	114,91%
1.4	Revenues from the sale of assets	600.000,00	264.343,17	44,06%	176.975,80	87.899,20	49,67%	246.648,60	15.947,00	6,47%
1.5	Loan repayment receipts		11.442,77			0			0	
1.6	Donations	761.565,00	104.833,20	13,77%	120.750,00	51.780,00	42,88%	111.250,00	93.148,66	83,73%
1.7	Transfers		634.510,71			650.123,94			594.737,53	
1.7.1	Transfers from Health Insurance Fund		0,00			0			0	
1.7.2	Other transfers		634.510,71			650.123,94			594.737,53	
1.8	Loans and borrowings	0,00	31,00		9.000,00	11.654,37	129,49%	7.500,00	7.996,89	106,63%
I	Total receipts (1.1+1.2+1.3+1.4+1.5+1.6+1.7+1.8)	30.473.338,93	30.375.782,23	99,68%	31.765.191,12	31.825.742,90	100,19%	31.288.466,92	29.373.697,03	93,88%
2.	EXPENDITURES	32.901.796,87	30.040.344,07	91,30%	32.115.827,27	29.255.643,73	91,09%	33.405.432,66	29.089.596,55	87,08%
2.1	Current expenditures	28.151.872,65	27.382.370,46	97,27%	27.721.013,24	25.916.415,50	93,49%	27.718.543,21	26.372.248,79	95,14%
2.1.1	Gross earnings and contributions charged to employer	15.443.746,38	20.013.598,46	129,59%	19.325.236,96	19.427.764,63	100,53%	19.657.294,05	19.794.578,59	100,70%
2.1.2	Other personal earnings	4.639.417,96	374.211,57	8,07%	505.951,32	213.117,53	42,12%	654.642,60	102.839,17	15,71%
2.1.3	Expenses for materials	1.853.181,79	1.342.105,22	72,42%	1.600.340,37	1.384.203,83	86,49%	1.374.105,00	1.402.597,08	102,07%
2.1.4	Expenses for services	2.334.976,60	1.953.251,37	83,65%	2.781.834,12	1.999.009,52	71,86%	2.663.391,64	1.985.952,06	74,56%
2.1.5	Expenses for current maintenance	347.500,00	97.753,01	28,13%	325.100,00	113.841,39	35,02%	301.828,22	164.706,62	54,57%



2.1.6	Interests	0,00	7.317,83		208.000,00	1.880,00	0,90%	2.000,00	0	0,00%
2.1.7	Rent	82.350,98	47.231,27	57,35%	90.000,00	69.407,17	77,12%	51.300,00	33.058,91	64,44%
2.1.8	Subsidies		0,00			0			0	
2.1.9	Other expenditures	3.450.698,94	3.546.901,73	102,79%	2.884.550,47	2.707.191,43	93,85%	3.013.981,70	2.888.516,36	95,84%
2.2	Transfers for social protection	0,00	0,00		0,00	0		0,00	0	
2.2.1	Redundancy funds	0,00	0,00		0,00	0		0,00	0	
2.3	Transfers to institutions, individuals, non-governmental and public sector	973.839,75	1.445.636,93	148,45%	1.462.426,96	1.536.533,38	105,07%	3.072.585,95	1.443.846,58	46,99%
2.4	Capital expenditures	3.727.452,47	1.174.008,37	31,50%	2.922.355,07	1.748.826,22	59,84%	2.551.022,50	1.220.358,53	47,84%
2.5	Borrowings and loans	0,00	32.641,80		2.832,00	44.842,76	1583,43%	1.885,00	49.337,98	2617,40%
2.6	Repayment of liabilities	48.632,00	5.686,51	11,69%	7.200,00	9.025,87	125,36%	61.396,00	3.804,67	6,20%
2.7	Reserve		0,00			0			0	
II	Total expenditure (2.1+2.2+2.3+2.4+2.5+2.6+2.7)	32.901.796,87	30.040.344,07	91,30%	32.115.827,27	29.255.643,73	91,09%	33.405.432,66	29.089.596,55	87,08%
III	Cash increase / decrease (I-II)	-2.428.457,94	335.438,16	-13,81%	-350.636,15	2.570.099,17	-732,98%	-2.116.965,74	284.100,48	-13,42%
IV	Cash balance at the beginning of the period	2.709.720,68	4.144.058,24	152,93%	2.815.628,05	4.479.496,40	159,09%	5.682.476,53	7.049.593,45	124,06%
V	Cash balance at the end of the period	281.262,74	4.479.496,40	1592,64%	2.464.991,90	7.049.595,57	285,99%	3.565.510,79	7.333.693,93	205,68%

Serial numb	PLANNED/EXECUTED	2018			2019			UKUPNO		
		Plan	Execution	%	Plan	Execution	%	Plan	Execution	%
1.	RECEIPTS	30.868.110,04	31.552.800	102,22%	34.168.156,63	32.398.889	94,82%	158.563.263,64	155.526.911,16	98,09%
1.1	General revenues	20.248.744,86	19.357.228	95,60%	21.606.137,80	19.357.229	89,59%	93.945.379,89	88.355.065,10	94,05%
1.2	Earmarked revenue	1.967.655,82	3.271.355	166,26%	2.980.576,50	3.139.895	105,35%	17.789.301,75	16.564.370,72	93,11%
1.3	Own revenue	8.159.321,18	7.822.788	95,88%	6.672.645,62	7.425.727	111,29%	41.393.707,71	44.501.559,90	107,51%
1.4	Revenues from the sale of assets	309.388,18	719.784	232,65%	2.577.067,43	2.113.375	82,01%	3.910.080,01	3.201.348,37	81,87%
1.5	Loan repayment receipts		0			0		0,00	11.442,77	
1.6	Donations	134.000,00	114.656	85,56%	331.729,28	161.180	48,59%	1.459.294,28	525.597,86	36,02%
1.7	Transfers		182.331			197.983		0,00	2.259.686,18	
1.7.1	Transfers from Health Insurance Fund		0			0		0,00	0,00	
1.7.2	Other transfers		182.331			197.983		0,00	2.259.686,18	
1.8	Loans and borrowings	49.000,00	84.659	172,77%	0,00	3.500		65.500,00	107.841,26	164,64%
I	Total receipts (1.1+1.2+1.3+1.4+1.5+1.6+1.7+1.8)	30.868.110,04	31.552.800	102,22%	34.168.156,63	32.398.889	94,82%	158.563.263,64	155.526.911,16	98,09%
2.	EXPENDITURES	31.781.414,60	27.278.145	85,83%	41.568.379,45	30.586.840	73,58%	171.772.850,85	146.250.569,35	85,14%
2.1	Current expenditures	26.888.588,44	24.957.578	92,82%	28.796.165,81	26.059.071	90,49%	139.276.183,35	130.687.683,75	93,83%
2.1.1	Gross earnings and contributions charged to employer	19.514.444,19	19.050.654	97,62%	19.396.641,59	18.943.171	97,66%	93.337.363,17	97.229.766,68	104,17%
2.1.2	Other personal earnings	536.505,33	139.047	25,92%	702.954,35	127.566	18,15%	7.039.471,56	956.781,27	13,59%
2.1.3	Expenses for materials	1.329.304,00	1.474.990	110,96%	1.570.660,14	1.346.446	85,72%	7.727.591,30	6.950.342,13	89,94%
2.1.4	Expenses for services	2.313.276,74	1.665.798	72,01%	2.971.341,02	1.893.484	63,72%	13.064.820,12	9.497.494,95	72,70%
2.1.5	Expenses for current maintenance	372.450,00	136.702	36,70%	598.109,00	108.414	18,13%	1.944.987,22	621.417,02	31,95%
2.1.6	Interests	0,00	0		0,00	0		210.000,00	9.197,83	4,38%
2.1.7	Rent	33.950,00	9.498	27,98%	50.480,00	27.009,00	53,50%	308.080,98	186.204,35	60,44%
2.1.8	Subsidies		0			0		0,00	0,00	
2.1.9	Other expenditures	2.788.658,18	2.480.887	88,96%	3.505.979,71	3.612.981	103,05%	15.643.869,00	15.236.477,52	97,40%
2.2	Transfers for social protection	0,00	0		0,00	0		0,00	0,00	
2.2.1	Redundancy funds	0,00	0		0,00	0		0,00	0,00	
2.3	Transfers to institutions, individuals, non-governmental and public sector	2.434.507,24	1.334.813	54,83%	6.364.768,36	2.019.693	31,73%	14.308.128,26	7.780.522,89	54,38%
2.4	Capital expenditures	2.418.204,72	823.899	34,07%	4.569.715,54	2.421.495	52,99%	16.188.750,30	7.388.587,12	45,64%
2.5	Borrowings and loans	32.050,00	155.644	485,63%	1.706.235,01	65.758	3,85%	1.743.002,01	348.224,54	19,98%
2.6	Repayment of liabilities	8.064,20	6.212	77,03%	131.494,73	20.823	15,84%	256.786,93	45.552,05	17,74%
2.7	Reserve		0			0		0,00	0,00	
II	Total expenditure (2.1+2.2+2.3+2.4+2.5+2.6+2.7)	31.781.414,60	27.278.145	85,83%	41.568.379,45	30.586.840	73,58%	171.772.850,85	146.250.569,35	85,14%
III	Cash increase / decrease (I-II)	-913.304,55	4.274.655	-468,04%	-7.400.222,82	1.812.049	-24,49%			
IV	Cash balance at the beginning of the period	5.554.488,62	7.333.694	132,03%	10.718.817,51	11.608.351	108,30%			
V	Cash balance at the end of the period	4.641.184,07	11.608.349	250,12%	3.318.594,69	13.420.400	404,40%			

Table 8 - comparative overview of the plan / execution of receipts and expenditures from 2015 to 2019



Tabular presentation indicates that 98.09% of receipts and 85.14% of expenditures were made within the observed period as compared to the planned ones.

The analysis of the realization of planned receipts showed that 94.05% of general revenues were made and that earmarked and own revenues were balanced with the planned. Receipts from the sale of assets were made in the amount of 81.87%, donations 36.02%, while 164.64% of receipts from loans and credits was made in comparison with the planned.

The analysis of the realization of planned expenditures determined that gross salaries and contributions at the expense of the employer were made in the amount of 104.17% compared to the planned ones, other personal earnings 13.59%, expenses for materials 89.94%, expenses for services 72.70%, expenses for current maintenance 31.95%, interest 4.38%, rents 60.44%, other expenditures 97.40%, transfers to institutions, individuals, non-governmental and public sector 54.38%, capital expenditures 45.64%, loans and credits 19.98% and repayment of debt 17.74%.

A comparative assessment of planned and executed receipts and expenditures by fiscal periods determined that the largest deviations relate to:

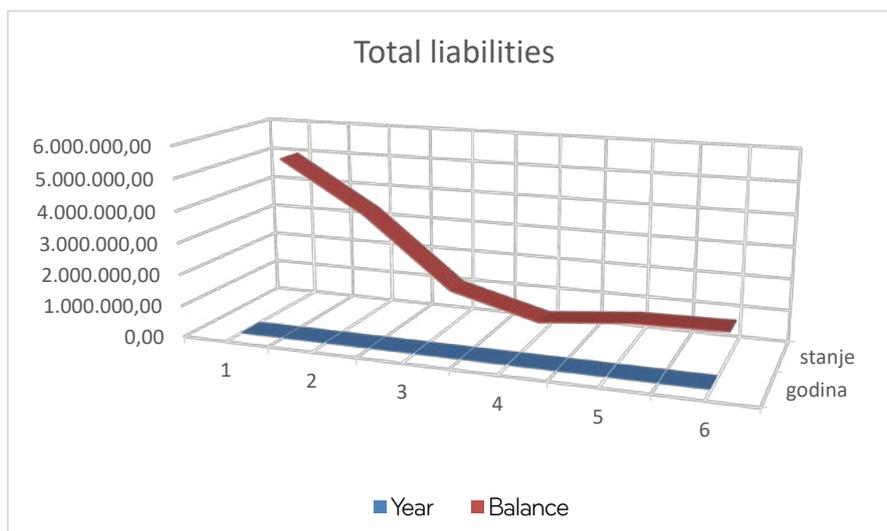
- gross salaries - 104.17%, the deviations of these expenditures are predominantly related to unrealistic planning in 2015, when 129.59% of the planned were made or € 4,569,852.08 more than planned;
- other personal earnings - 13.59%, expenditures in the review period were continuously made in a smaller amount than planned and they ranged from 8.07% to a maximum of 42.12%;
- expenses for materials - 89.94%, expenses were made from 72.42% (2015) to 110.96% (2018);
- expenses for services - 72.70%, expenses were constantly made in a smaller amount than planned and ranged from 63.72% (2019) to 83.65% (2015);
- expenses for current maintenance - 31.95%, expenditures were constantly executed in a lower percentage than planned, from 18.13% (2019) to 54.57% (2017);
- interest - 4.38%, these expenditures are planned within the budgets for 2016 and 2017, and on this basis reported in 2015 and 2016;
- rent 60.44%, these expenditures were continuously unrealistically planned and ranged from 27.98% to 77.12%.
- other expenditures - 97.40%, the plan was exceeded in 2015 and 2019;
- transfers to institutions, individuals, non-governmental and public sector - 54.38%. This expenditure is constantly unrealistically planned. Execution in 2015 (148%) and 2016 (105%) was significantly higher than planned. Thereafter, a steady decline in execution is recorded, which in 2019 amounted to 31.73%;
- capital expenditures - 45.64% and they were constantly unrealistically planned in the review period with a range from 31.50% to 59.84%;
- Borrowings and loans - 19.98%, in the review period, huge deviations of the plan in relation to execution was recorded, as follows: in 2015 no funds were planned on this basis and expenditures amounted to € 32,641.80, in 2016 they were planned in the amount of € 2,832 and executed in the amount of € 44,842.76, in 2017 they are planned in the amount of € 1,885.00 and executed in the amount of € 49,337.98, in 2018 € 32,050 was planned and € 155,644 was executed, while in 2019 these expenditures were planned in the amount of € 1,706,235.01 and made in the amount of € 65,758 or 3.85%;
- repayment of debt - 17.74%, expenditures were constantly executed in a smaller amount than planned, i.e. from 6.20% to 77.03%, except in 2016, when 125.36% of the planned expenditure was made.

Statement of Outstanding Liabilities

Serial numb	DESCRIPTION	Total liabilities on 31.12.2014.	Total liabilities on 31.12.2015.	Total liabilities on 31.12.2016.	Total liabilities on 31.12.2017.	Total liabilities on 31.12.2018.	Total liabilities on 31.12.2019.
1	2	3	4	5	6	7	8
1	Liabilities for current expenditures (1.1+1.2+1.3)	4.816.007,01	3.133.324,90	1.140.846,86	393.970,04	396.075,00	553.528,49
1.1	Liabilities for gross earnings and contributions charged to employer	2.212.845,62	2.457.702,75	787.739,95	126.931,26	116.082,00	27.121,54
1.2	Liabilities for personal earnings	2.055.709,42	337.665,13	120.236,19	122.650,27	119.710,00	85.295,82
1.3	Liabilities for other current expenditures	547.451,97	337.957,02	232.870,72	144.388,51	160.283,00	441.111,13
2	Liabilities for transfers for social protection	0,00	0,00	0,00	0,00	0	0,00
3	Liabilities for transfers to institutions, individuals, non-governmental and public sector	221.131,23	234.274,44	19.757,93	23.893,73	265.832,00	64.694,36
4	Liabilities for capital expenditures	5.563,00	4.473,00	1.526,00	739,00	51.740,00	150.763,82
5	Liabilities for borrowings and loans	6.557,40	16.323,60	1.885,20	1.084,00	1,039	986,00
6	Liabilities for repayment of debts	39,92	8.191,08	5.788,20	11.343,41	8,787	10.039,37
7	Liabilities from reserve						
8	Total liabilities at the end of the year (1+2+3+4+5+6+7)	5.049.298,56	3.396.587,02	1.169.804,19	431.030,18	723.474,00	780.012,04

Table 9 - overview of outstanding liabilities of UoM expressed in the annual financial statements from 2015 - 2019

Outstanding liabilities, in the review period, ranged from € 5,049,298.56 to € 431,031.18. do 431.031,18€.



Year	Balance
2014	5.049.298,56
2015	3.396.587,02
2016	1.169.804,19
2017	431.030,18
2018	723.474,00
2019	780.012,04

On 31/12/2019, outstanding liabilities were in the amount of € 780,012.04 and they referred to: gross salaries and contributions at the expense of employer in the amount of € 27,121.54, other personal earnings € 85,295.82, other current expenditures in the amount of € 441,111.13, transfers to institutions, individuals, non-governmental and public sector in the amount of € 64,694.36, capital expenditures € 150,763.82, borrowings and loans in the amount of € 986.00, and those arising from repayment of debt in the amount of € 10,039.37.

Although the amount of outstanding liabilities on 31/12/2019 is not sizeable in relation to the total reported receipts and expenditures of UoM in 2019, the reason for their existence remains unclear, bearing in mind that the deposits on giro accounts of UoM on the mentioned date amounted to € 13,420,400.00.

The findings of this brief analysis of UoM's financial operations and the indicated shortcomings of the planning and allocation of the budget oblige the competent institutions to pay serious attention to the finances of the UoM. That should include informing the public about expenditures based on salaries, fees and other personal earnings of employees as well as regulations on the basis of which they were calculated, given that UoM is very innovative in terms of the basis for the payment of fees. Thus, for example, the Rulebook on the procedure of evaluation criteria and method of employee rewards published in the Bulletin of UoM no. 484 on 17/01/2020 regulated the procedure of rewarding for citation on Scopus and WoS (Clarivate Analytics) for individual authors. Therefore, the Rulebook envisage the awarding of authors, i.e. employees for something that represent their obligation prescribed by the Law, the Statute and the General Collective Agreement and receive a regular salary. Furthermore, the Rulebook introduces retroactivity, i.e. it prescribes rewarding starting from 2018, although the Rulebook was adopted on 17 January 2020!

Finally, having in mind the scope and complexity of operations, as well as the fact that the external audit of UoM's financial operations has not been conducted for a long time, it is necessary for the Government of Montenegro, according to the Financing Agreement, to exercise its right and hire an independent certified auditor.

Oznaka	Naslov	Rukovodilac	Članovi tima	Tip	Podtip	Početak	Kraj	Opis
HEPMP	Strengthening Capacities for Higher Education of Pain Medicine in Western Balkan Countries	Živković Danko		Istraživački	Strukturni	15.10.2017.	15.10.2020.	http://hepmp.med.bg.ac.rs/
4 PILLARS	4 PILLARS	Mandić Milica				27.6.2016.	27.6.2019.	
IPA ADRIATIC	IPA ADRIATIC	Đurović Mirko		Obrazovni	Strukturni	23.6.2016.	23.6.2019.	
Poboljšanje komunikacionih kapaciteta	Poboljšanje komunikacionih kapaciteta	Lučić Dejan				10.6.2016.	10.6.2019.	
REDOS - doktorske studije	REDOS - doktorske studije	Stojanović Radovan				26.5.2016.	26.5.2019.	
Erasmus school to work transition for higher	Erasmus school to work transition for higher	Dlabač Tatijana				16.3.2016.	16.3.2019.	
ERASMUS+ RE WBC	ERASMUS+ RE WBC	Krivokapić Marija				16.3.2016.	16.3.2019.	
Rektorat-Konfučije institut	Rektorat-Konfučije institut	Bačović Maja		Obrazovni	Strukturni	11.2015.	31.12.2015.	
Rektorat -projekat Adriatin ETF	Rektorat -projekat Adriatin ETF	Bačović Maja		Obrazovni	Strukturni	11.2015.	31.12.2015.	Build innovation,cross-border clusters of SMEs and R&D Institutes,which interact with each other and with clients and suppliers and often share a pool of specialist labor, business and financial services,R&D and training facilities;Promote lifelong learning in research and innovation, etc.

Rektorat -proj. BALMAS- Ins.biologija mora	Rektorat -proj. BALMAS- Ins.biologija mora	Bačović Maja		Obrazovni	Strukturni	1.11.2013.	31.3.2016.	Projekat BALMAS odnosi se na zaštitu od zagađenja balastnim vodama u području Jadrana, kao i sprječavanje rizika i zaštitu i poboljšanje stanja morske sredine i obale. Projekat se bavi problemom balastnih voda, neophodnih za sigurnu plovidbu.
Rektorat-Projekta Inst. Biol. Mora-De Fish Gear	Rektorat-Projekta Inst. Biol. Mora-De Fish Gear	Bačović Maja		Obrazovni	Strukturni	1.11.2013.	1.3.2016.	Specifični ciljevi projekta odnose se na koordiniran i integrisan strateški pristup (na prekograničnom nivou) u kvantifikovanju i procjeni morskog otpada i mikroplastike (na plažama, vodenom stubu i morskom dnu).
Rektorat-Projekta Masinski EQIWBC	Rektorat-Projekta Masinski EQIWBC	Bačović Maja		Obrazovni	Strukturni	1.1.2015.	31.12.2015.	<ul style="list-style-type: none"> To develop training programs and consulting services for quality improvement of WBC enterprises Improvement of competitiveness of WBC enterprises through increased quality Improvement of regional cooperation and cooperation with enterprises
Rektorat-Devcore projekat-Tempus	Rektorat-Devcore projekat-Tempus	Bačović Maja		Institucionalni	Strukturni	15.2.2014.	11.11.2016.	Definisanje ishoda ucenja na svim visokoobrazovnim institucijama u Crnoj Gori.
Rektorat-Projekat Pomorstvo MHM-Tempus	Rektorat-Projekat Pomorstvo MHM-Tempus	Bačović Maja		Obrazovni	Ostalo	1.12.2013.	30.11.2016.	MARED projekat nastao u cilju harmonizovanja i modernizovanja sistema obrazovanja i praktičnog usavršavanja pomoraca u Crnoj Gori i Albaniji, kroz ratifikaciju i ispunjavanje najnovijih izmjena međunarodnih pomorskih regulativa i propisa
Rektorat Hip. -Projekat BioEMIS	Rektorat Hip. -Projekat BioEMIS	Bačović Maja		Obrazovni	Ostalo	1.1.2015.	31.12.2015.	Razvoj i uvođenje novih PhD, MSc and Spec. Programa u BME i MI u Srbiji, Crnoj Gori i BiH. • Razvoj edukativnog materijala na zajedničkom jeziku. • Poboljšanje edukativne infrastrukture sa akcentom na praktični rad (laboratorije) • Usavršavanje kadra na EU institucijama, itd.
Rektorat projekat EVEL- INNO	Rektorat projekat EVEL- INNO	Bačović Maja		Obrazovni	Strukturni	1.1.2015.	31.12.2015.	
Rektorat -SDTRAIN- Tempus R	Rektorat -SDTRAIN- Tempus R	Bačović Maja		Obrazovni	Ostalo	15.10.2012.	31.5.2015.	Projekat SD TRAIN ima za cilj razvoj trening kurseva za osoblje zaposleno u lokalnim samoupravama na temu održivog razvoja, posebno energetske efikasnosti u gradovima, održivom razvoju infrastrukture na lokalnom nivou i dobrom upravljanju resursima.
Rektorat Prva bn. Evrop. ekon.inst.	Rektorat Evrop.ekon.inst.	Bačović Maja		Obrazovni	Strukturni	1.1.2015.	31.12.2015.	
Rektorat kluz.obrazov.	Rektorat Inkluz.obrazov.	Bačović Maja		Obrazovni	Strukturni	1.1.2012.	31.12.2015.	Na inicijativu Univerziteta Crne Gore, odnosno Filozofskog fakulteta u Nikšiću, u oktobru 2012.godine, otpočela je realizacija međunarodnog TEMPUS projekta, pod nazivom FOUNDATION OF STUDY PROGRAMME FOR INCLUSIVE EDUCATION IN MONTENEGRO (FOSFIM, trajanje 3 godine).
Rektorat Hip.bn.proj.TEN ECOPORT	Rektorat Hip.bn.proj.TEN ECOPORT	Bačović Maja		Obrazovni	Ostalo	1.10.2012.	31.12.2014.	Poboljšanje prekograničnog i transevropskog partnerstva između luka jugoistočne Europe, razvoj i implementacija inteligentno upravljanje zaštitom životne sredine u lukama i informacijskim sistemima koristeći integrisane tehnologije za zaštitu od ekoloških rizika s ciljem smanjenja negativnih uticaja
Rektorat Hip.bn.Proj. TEMPUS JPCR	Rektorat Hip.bn.Proj. TEMPUS JPCR	Bačović Maja		Obrazovni	Strukturni	1.1.2015.	31.12.2015.	
REKTORAT EURAXESS	REKTORAT EURAXESS	Škurić Maja		Obrazovni	Strukturni	1.1.2015.	31.12.2015.	
			Škurić Maja					
REKTORAT DELLCO Projekat	REKTORAT DELLCO Projekat	Bačović Maja		Obrazovni	Strukturni	1.1.2015.	31.12.2015.	
REKTORAT UNIVERZITETA-Projekti	REKTORAT UNIVERZITETA-Projekti mobilnosti	Bačović Maja		Obrazovni	Strukturni	1.1.2014.	31.12.2015.	Mobilnost studenata i istraživaca
Developing information literacy for lifelong learning and. knowledge economy in Western Balkan countries TEMPUS	Developing information literacy for lifelong learning and. knowledge economy in Western Balkan countries TEMPUS	Krstajić Božo				1.1.2015.	31.12.2015.	
GN 3 + FP 7 projekat	GN 3 + FP 7 projekat	Krstajić Božo				1.1.2015.	31.12.2015.	

PUBLIC PROCUREMENT

Within the the analysed period, from 2015 to 2019, the Public Procurement Law adopted in 2011 and amended in 2014 and 2017, was in force. This Law govern the conditions, manner and procedure of procurement of goods and services and awarding work assignments, as well as protection of rights in public procurement procedures, i.e. in *open, restricted and negotiated procedure with prior publication of a contract notice, then negotiated procedure without prior publication of a contract notice; call*²¹. These procedures are applied for the public procurement of 1) goods and services of estimated value up to or over € 15,000.00; and 2) works of estimated value up to or over € 30,000.00.

The subject of public procurement may be *goods, works* (construction, adaptation, reconstruction and maintenance of facilities) and *services* (services in the area of transport, financial services, computer services, services in the area of education and science, research services, accounting and audit services, consulting services, architectural services, technical supervision, catering services, health services, social services, etc.)

The contracting authority is obliged to conduct procurement of goods, services and works that do not exceed these values through *low value procurement procedure*, in compliance with the established internal Rules²² on low value procurements, established in 2017. Low value procurements for the needs of the Rectorate of the UoM is conducted by the Financial Department, more precisely the Finance and Public Procurement Department within the Rectorate. The procedure of low value procurement is applied when the total estimated value of goods at the annual level is up to € 15,000.00 with VAT included. It is also applied for the procurement of works whose total estimated value at the annual level is up to € 30,000.00 with VAT included, if the contracting authority does not conduct this procurement through open or some other procedure in accordance with the Public Procurement Law.

Low value procurements require more sensibility and transparency, given the discretionary power to select a bidder (especially for those procurements for which no contract is concluded and no notification on the outcome of the procedure is published, but only invoices are issued). Given that low value public procurement is a high-risk area for corruption, the institutions have a special responsibility to ensure complete transparency of data on them, and that is exactly what institutions fail to do. The UoM does not represent bright exception.

Namely, in the section for public procurements on the UoM's website²³, for the review period from 2015 to 2019, there are no available data for 2015 and 2016 concerning law value procurements and urgent procurements for 2015, 2016 and 2017. Data on low value procurements are available only for 2017, 2018 and 2019, urgent procurements are available for 2018 and 2019, while for other procurements there is a link that leads to the website of the Directorate for Public Procurement²⁴.

21 Article 20 of the Public Procurement Law, 'Official Gazette of Montenegro', No. 042/11, 057/14, 028/15, 042/17

22 Bulletin 447

23 UoM website: <https://www.ucg.ac.me/rektorat/84>, last insight 27 June 2020

24 UoM's website: <https://www.ucg.ac.me/objava/blog/25859/objava/41249-direktorat-za-politiku-javnih-nabavk>, last insight 27 June 2020. Reference to: <http://portal.ujn.gov.me/delta2015/login.jsp>

Detailed insight may determine that on the UoM's website, in the section of public procurement for 2017, data for 27 procurements of low value were published. There are available contracts for some of these procurements, whereas for the other are available only notifications on the outcome of the procedure. There is no available data on urgent procurement in 2017.

Data of 52 low value procurements and three urgent procurements from 2018 were published on the UoM's website. For some of these procurements there are published contracts or notifications on the outcome of the low value procurement procedure, while some contracts or requests are not published, i.e. when an attempt is made to open or download a document, the cursor returns to the home page of the UoM's website²⁵.

On the UoM's website, data on low value public procurements from 2019 were published, classified by UoM's organizational units, including the Student Parliament. They are further mostly divided into additional sections (works, goods and services). According to the available data, there were 271 low value procurements out of which the Rectorate had the most, conducting 77 procurement procedures. During 2019, there were six urgent public procurement procedures at four faculty units, in the Central Library and in the Rectorate.

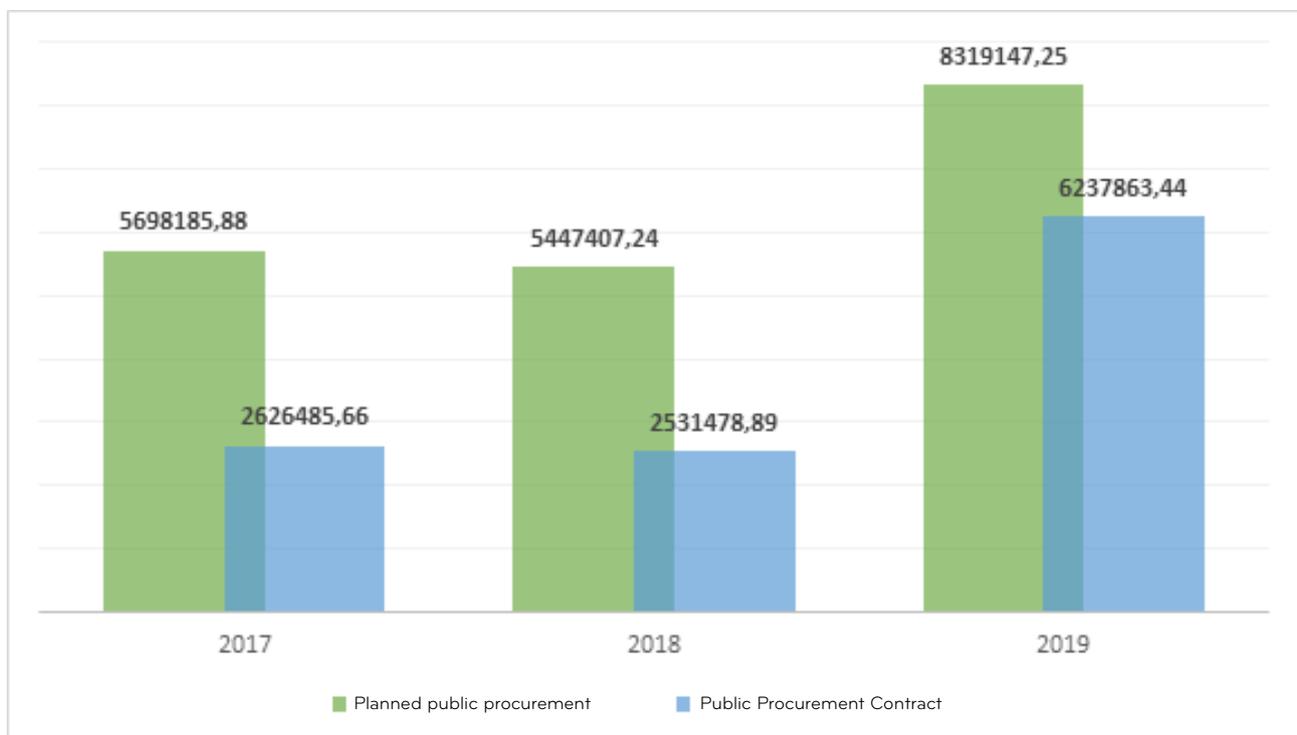


Table 10: Difference between planned and contracted public funds for public procurements

²⁵ UoM website, examples: <https://www.ucg.ac.me/objava/blog/25859/objava/41275-it-naucno-strucni-skup> or <https://www.ucg.ac.me/objava/blog/25859/objava/41273-htz-oprema> or <https://www.ucg.ac.me/objava/blog/25859/objava/41271-djelovi-za-poljoprivredne-masine-2018> or <https://www.ucg.ac.me/objava/blog/25859/objava/41279-likovni-materijal-za-izvodenje-nastave>, last insight 27 June 2020

A comparative overview of the total amounts of planned and contracted public procurements, for the review period, is available for 2017, 2018 and 2019. Information on contracted funds was taken from the Portal of the Public Procurement Administration, where reports containing forms on conducted UoM's procurements for 2017, 2018 and 2019 were published.

These are including Form A (open procedure), Form B (low value procurement) and Form C (urgent procurement), and in the summary review, these three forms are published as one report on annual contracted or spent funds on public procurement.

Henc, the amount of € 5,698,185.88 was planned for 2017 whereas € 2,626,485.66 was contracted, then € 5,447,407.24 was planned for 2018 and € 2,531,478.89 was contracted, while as much as € 8,319,147.25 was planned for 2019 and € 6,237,863.44 was contracted.

In the period from 2017 to 2019, the UoM planned € 19,464,740.37 for public procurement and spent € 11,395,827.99. In 2019, 20.94% more was spent for these purposes compared to the total for 2017 and 2018. The ratio of planned and spent indicates a fulfilment of 58.5%, which leads to the conclusion that public procurement plans are continuously either poorly done or poorly implemented.

It is also noticeable that, by the end of the financial year, these plans on average changed about 10 times a year, which also indicates deficiencies.

Category	2015	2016	2017	2018	2019
Public procurement plan published on the Portal of the Public Procurement Administration	Not available	It has been changed 11 times and put out of force	It has been changed nine times and put out of force	It has been changed nine times and put out of force	It has been changed 13 times and put out of force
Tender documentation	22 tenders with documentation	125 tenders with documentation	104 tenders with documentation	55 tendera sa dokumentacijom	54 tendera sa dokumentacijom
Negotiated procedure without prior publication	Not available	Not available	Three procedures	Not available	Two procedures
The Framework agreement before amendments to the Public Procurement Law (PPL)	Not available	Not available	Not available	Not available	Not available
Urgent procurements	Not available	Not available	Not available	Not available	six urgent procurement procedures

Table 11: Overview of the UoM's public procurement plans published on the Portal of the Public Procurement Administration at the end of the financial year with the procedures and categories of conducted public procurement according to the form

Insight into the reports on public procurement in Montenegro, which must be submitted to the Government for consideration and adoption every year, no later than 31 May of the current

for the previous year, and which includes data on public procurement at the UoM, determined that this report for 2019 has not yet been published. On the other hand, Portal of the Public Procurement Administration contains published reports on public procurement of the UoM that encompass forms A, B, C with the concluded cumulative public procurements for 2019. The data published in the UoM's Report with the forms should be included in the general Report on Public Procurement in Montenegro.

The UoM is obliged to apply the Public Procurement Law and internal rules. Most frequently it used the open public procurement procedure, in which all interested economic operators may submit a bid in accordance with the call for competition and tender documentation. Searches of the period from 2015 to 2019 on the Portal of the Public Procurement Administration indicate that UoM had 360 open procedures with tender documentation, namely 22 procedures in 2015, 125 procedures in 2016, 104 procedures in 2017, 55 procedures in 2018 and 54 procedures in 2019.

According to the data from the UoM's website, when it comes to the type of procurement procedure, in the period from 2017 to 2019, open public procurement procedures were predominantly applied in comparison to the low value procurement procedure, while urgent procurements were rare. The exception is noted in 2019, when low value procurements were dominant in comparison to open public procurements, thus in 2019 the largest contracted value of low value procurement amounted to € 4,314,687.22, which is 3,704,811.8 € more compared to 2018.

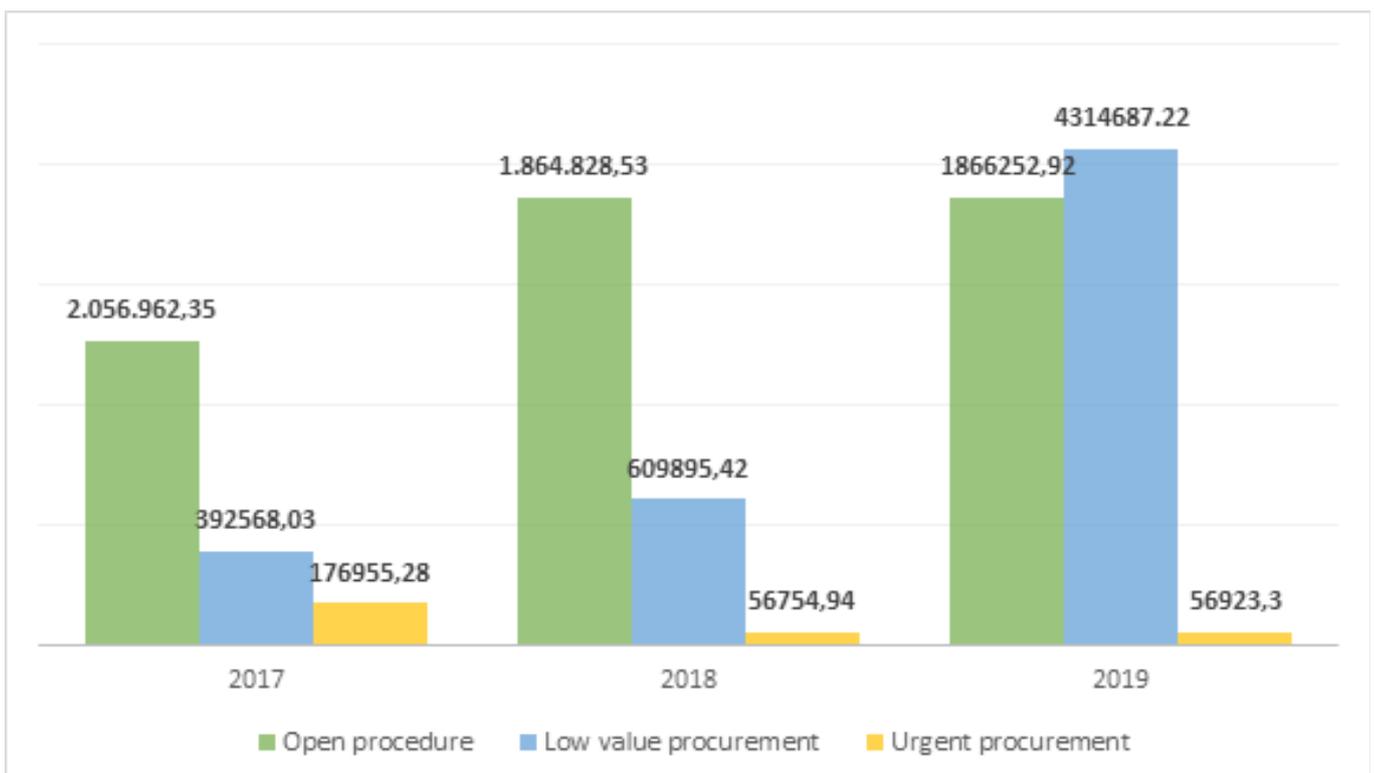
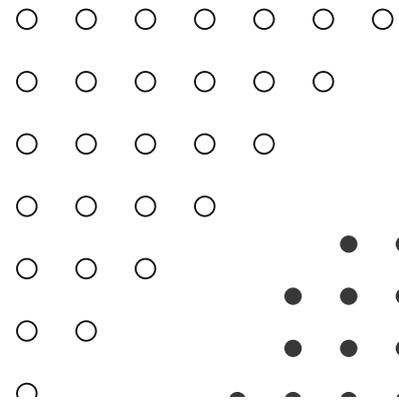


Table 12: Comparative overview of contracted public procurements by type of procedure from 2017 to 2019



Most of the contracted values were concluded on the basis of one submitted bid, while the lowest price is the most common criterion by which selections of the bid are made.

It should be emphasized that there are discrepancies between the data in the available reports and the UoM's official public procurement databases, which makes it impossible to give an accurate assessment of these procurements. For example, within searches of the Portal of the Public Procurement Administration, i.e. entering data in the search form for UoM and its urgent procurements for the period from 2015 to 2019, revealed that there were no urgent procurements for 2015, 2016, 2017 and 2018, and that only six procedures of this kind were conducted in 2019. On the other hand, on the Portal, in the Annual reports section, there are data on funds spent on urgent procurement in 2017, 2018 and 2019, which are presented in Form C for urgent procurements. Data from the the UoM's website relating to this issue, are also somewhat different in comparison to those from the Portal of the Public Procurement Administration.

All this underlines the need for the Government of Montenegro to conduct external audit, in accordance with the legal authorizations of the founder, which will cover at least from the period of introduction of the funding agreement, i.e. from 2018 to 2020. Finally, there is a need for the State Audit Institution to perform audit of UoM's financial operations, including public procurement for 2020.





