

BACKGROUND NOTE ON ACTION PLANS

The SMO Action Plan is intended to provide a summary of:

- The legal and regulatory environment for the profession;
- The status of adoption of international standards and best practices in the jurisdiction; and
- The Member's or Associate's activities to fulfill the IFAC membership requirements.

IFAC [Statements of Membership Obligations](#) (SMOs) require IFAC Members and Associates to support the adoption¹ and implementation² of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a quality assurance (QA) review and investigation and disciplinary (I&D) systems. The SMOs are recognized as the international benchmarks for credible and high-quality PAOs that are focused on and have the necessary expertise to serve the public interest and meet the market demands of their respective jurisdictions.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where, if any, improvements are needed. Members and Associates should develop an Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs (revised in 2012), and (b) where some requirements are not yet addressed, to present plans towards their fulfillment. Action Plans are designed to be **ever-green** documents that take into consideration IFAC recommendations. Depending on the PAO's level of fulfillment (see *IFAC's Summary Assessment* – page 2), an Action Plan may not be necessary for each SMO section and instead the '*Attestation of Ongoing SMO Compliance*' is used to confirm their ongoing commitments. However, PAOs may wish and are welcome to utilize the Action Plan as a tool to demonstrate how they are using 'best endeavors' and going beyond their mandate with innovative approaches to fulfilling the SMOs and strengthening the national profession.

The specific details of each organization's actions will vary even where two PAOs are involved in the same SMO area. Each PAO operates in its own unique regulatory and standard-setting framework and has different operating, technical, and resource capacities. Moreover, in deciding when and how a particular SMO requirement is to be addressed, PAOs might have differing timeframes and objectives to achieve. Notwithstanding these inevitable differences, seeking the advice and assistance of other PAOs who have already faced and dealt with similar challenges can save significant time and resources. IFAC staff will offer assistance as needed.

Regular updates of the SMO Action Plans are required as part of the [IFAC Member Compliance Program](#).

Use of Information

Please refer to the [Disclaimer](#) published on the IFAC website.

¹ *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to affect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.















² *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop, or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

ACTION PLAN

IFAC Associate: Croatian Audit Chamber
Approved by Governing Body: Governing Board
Original Publish Date: September 2011
Last Updated: December 2022

IFAC's Summary Assessment: IFAC staff will complete this section at the conclusion of each SMO Action Plan review and update process. PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.

For more information on [IFAC Member Compliance Program](#) and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of SMO requirements, please refer to the Status of Adoption [methodology](#) and SMO Fulfillment [methodology](#).

FOR IFAC COMPLETION	PAO Level of Responsibility for Adoption	Jurisdiction Adoption Status as of 2022	Level of SMO Fulfillment as of 2022
QA / SMO 1	No Direct	 Adopted	 Sustain
IES / SMO 2	Shared	 Partially Adopted	 Execute
ISA / SMO 3	Shared	 Adopted	 Sustain
IESBA / SMO 4	Shared	 Adopted	 Sustain
IPSAS / SMO 5	No Direct	 Not Adopted	 Sustain
I&D / SMO 6	No Direct	 Partially Adopted	 Review & Improve
IFRS / SMO 7	No Direct	 Adopted	 Sustain

Attestation of SMO Compliance

The **Croatian Audit Chamber (CAC)** has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs (revised in 2012). The abovementioned [Governing Body](#) has reviewed the information contained within the SMO Action Plan and affirms that the **CAC** continues to undertake these and other relevant actions to maintain ongoing compliance and fulfillment of the membership obligations where IFAC's assessments are at *Review & Improve* and/or *Sustain*. In areas where IFAC's assessments are at *Execute, Plan, Consider, or Not Active* the **CAC** has updated the Action Plan to reflect the specific actions to adopt or support adoption and support implementation that must be taken to achieve the improvement accompanied by a timeline.

On behalf of the **CAC**, the *Governing Body* endorses the information contained within the SMO Action Plan as of the publication date and its publication on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

Glossary

AE	Accountancy Europe
ACCA	Association of Chartered Certified Accountants
APOC	Audit Public Oversight Committee
CAC	Croatian Audit Chamber
CPD	Continuous Professional Development
DC	Disciplinary Council
FRSB	Financial Reporting Standards Board
GB	Governing Board
I&D	Investigation and Discipline
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IAQ	Initial Assessment Questionnaire
IAR	Initial Assessment Review
IASB	International Accounting Standards Board
ICAEW	Institute of Chartered Accountants in England and Wales
IESBA	International Ethics Standards Board for Accountants
IESs	International Education Standards
IFAC	International Federation of Accountants
IFRSs	International Financial Reporting Standards
IPSASB	International Public Sector Accounting Standards Board
IPSASs	International Public Sector Accounting Standards
ISAs	International Standards of on Auditing
ISQC1	International Standard on Quality Control 1
ISQMs	International Standards on Quality Management
MoF	Ministry of Finance
QA	Quality Assurance
QAD	Quality Assurance Department
SMO	Statement of Membership Obligation

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Development and implementation of an Efficient and Effective Quality Assurance Review System

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background</i></p> <p>Due to the new Audit Law (Official Gazette, 127/17) which is into force on January 1, 2018, the Croatian Audit Chamber (CAC) has no legal competence or responsibility for the organization and performance of quality assurance (QA) of any auditors and audit firms. From the January 1, 2018, all QA activities are in charge of the Ministry of Finance (MoF) as the new competent authority (Article 68, Audit Law) with the ultimate responsibility for public oversight under the activities of the CAC, under the organizers that will have MoF's prior approvals for their activities in a field of initial and continuing education of auditors and under PIEs in relation with requirements of the Regulation (EU) 537/14. At the same time, MoF as the competent authority, has responsibility to organize and perform activities, as follow: a) issuing/revoking the work permissions for the auditors and audit firms, b) registry procedures of certified auditors and audit firms, c) quality control of auditors and audit firms, d) investigation and disciplinary procedures.</p> <p>During the process of transferring the requirements of the EU Directive (2006/43 and 2014/56) and the Regulation (EU) 537/14 into the legislative framework of the Republic of Croatia, MoF as a proponent of the new Audit Law did not recognize or respect the CAC's proposals on the application of the adequate model that ensure the conditions for meeting the EU's reform objectives, with particular emphasis on PIEs audit requirements. CAC has based its proposals on the experience gained in the development and operational organization and implementation of the quality assurance of the work from 2010 to 2017, and on the experiences of other PAOs with headquarters in the EU, as well as members of IFAC and/or AE. Unfortunately, due to the lack of MoF's understanding of the complexity and importance of the QA's function and because of their exclusive attitude, the CAC's concerns have become a reality. In fact, during 2018, MoF failed to establish the capacities (personnel, organizational, financial) for starting its activities as the competent authority in a meaning of the Audit Law and the Regulation (EU) 537/14. Regarding these circumstances, CAC as a professional organization, has expressed to MoF its willingness to cooperate with MoF in establishing the functions of the competent body. It is expected that in 2019 MF will activate its functions as a competent body in the sense of the Audit Law and the Regulation (EU) 537/14.</p> <p>In a meaning of the SMO 1, the requirements of the quality assurance review system in the Republic of Croatia are defined in the Part IX of the new Audit Law.</p> <p>In the period 2019-2022, the MoF established the Independent Sector for the issuance of authorisations for the work and supervision of certified auditors and audit firms (hereinafter: The Independent Sector), a separate organisational unit that, among other tasks, carries out the supervision of the quality of work of auditors and audit firms and carries out public oversight of audit. In its work the Independent Sector uses the CEAOB supervision methodology that is accepted at the EU level - "Common audit inspection methodology - CAIM" (https://ec.europa.eu/info/files/180614-ceaob-caim-introduction_en), and for the needs of the Republic of Croatia is supplemented in accordance with the provisions of the Audit Law. The procedures of supervision are prescribed by the Audit Law (Chapter IX and Chapter X) and is in accordance with the provisions of the law governing the general administrative procedure</p> <p>The results of the work of the Independent Sector are published in the annual reports. By the date of this update, on the MoF website are publicly available reports for:</p>					

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a)	2019	https://mfin.gov.hr/UserDocImages//dokumenti/revizija//Godi%C5%A1nje%20izvje%C5%A1%C4%87e%20o%20radu%20za%202019.pdf			
b)	2020	https://mfin.gov.hr/UserDocImages//dokumenti/revizija//Godi%C5%A1nje%20izvje%C5%A1%C4%87e%20o%20radu%20za%202020.pdf			
c)	2021	https://mfin.gov.hr/UserDocImages//dokumenti/revizija//Godi%C5%A1nje%20izvje%C5%A1%C4%87e%20o%20radu%20za%202020%20(1).pdf			
<p>In these annual reports, in the section of Conclusion, the Independent Sector has expressed intention to raise the quality in the performance of audit services in the Republic of Croatia and to provide a sufficient personnel resource to create a long-term MoF's condition for the timely and efficient performance of all prescribed tasks. This justifies the CAC's concerns regarding the state of quality control in the Republic of Croatia and confirms the reasonable efforts of the CAC to amend the Audit Act in the part of the quality control of auditors and audit firms and public oversight.</p> <p>In this regard, the main fact is that in mid-2022 the MoF initiated activities to amend the Audit Law. In this situation, the CAC, as an active member of the working group on amendments to the Audit Law, presents the proposal for expanding the public powers of the CAC in the part of conducting the supervision of auditors and audit firms that do not carry out audits of PIEs. Under this proposal, the MoF would remain responsible for supervising auditors and audit firms (approx. 30) carrying out statutory audits of PIEs (approx. 500). The CAC bases this proposal on the experience gained during the period 2010-2017, when it was responsible for organizing and conducting quality supervision of auditors and audit firms, on the results of supervision achieved at that time, and on the good practice of EU Member States that, consequently, by amending the audit directive in 2016, did not radically change their supervisory models, but they have already continued to apply the possible option of delegating supervisory powers to non-PIEs audit firms, to professional organizations. Discussion on the CAC's proposal follows in September 2022, and the outcome of the expert discussions and the final decision of the MoF, as the proponent of the Audit Law, will be known by the end of 2022.</p> <p>Due to above facts, below is a description of CAC's activities in SMO 1, from 2006 to 2017.</p> <p>Under the provisions of the previous Audit Law (Official Gazette, 146/05, 139/08 and 144/12), one of the CAC's key functions were supervision and quality control of audit firms, independent auditors and certified auditors that were registered in CAC registries.</p> <p>According to the Audit Law, audit firms with public interest audits are subject to a three-year review cycle. All other audit firms carrying out statutory audits are subject to a six-year review cycle. The CAC quality assurance review system were established and organized in accordance with the previous Audit Law, the CAC's Statute and Internal Ordinance on supervision and quality assurance reviews and the QA Methodology (SMO 1 paragraphs 26-79).</p> <p>The CAC quality assurance (QA) system were developed in 2010 with the helpful assistance of the Institute of Chartered Accountants in England and Wales (ICAEW) through a twinning arrangement financed by the World Bank. This arrangement consisted of the ICAEW:</p> <ul style="list-style-type: none"> - providing technical assistance in development of the CAC's methodology and guidance for conducting quality assurance, - assistance with the implementation of the initial reviews of all audit firms, - engagement in training process and post training examination of the CAC's quality assurance team. 					

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<p>The QA review was conducted in an objective manner and in procedure which excludes any conflict of interest among QA team and audit firms or independent auditors. The QA reviews performed by CAC were the subject of the public oversight. The appointment of the reviewer (QA team) for the certain review has been carried out in accordance with an objective procedure designed to ensure that there are no conflicts of interest between the reviewer and audit firms, independent auditors, and certified auditors under review.</p> <p>When the QA team, in performing the QA review, was established that an audit firm or independent auditor had failed to act in accordance with the provisions of the Audit Law and other rules of the audit profession, it took the following measures:</p> <ol style="list-style-type: none"> 1. issue order for the elimination of irregularities, 2. impose additional measures required for the elimination of irregularities, 3. initiate disciplinary action. <p>According to the previous Audit Law and the CAC's Statute, the Disciplinary Prosecutor, when it was necessary, held a hearing for certain persons and performed other actions, for the purpose of establishing facts that were essential for the ensuing conduct of proceedings. In this sense, the QA team communicated with Disciplinary Prosecutor, and they had been called by the Disciplinary Council to a disciplinary hearing as a witness.</p> <p>In 2010 the CAC completed the first initial assessment reviews (IAR) of all audit firms. This exercise was based on an initial assessment questionnaire (IAQ) which the CAC sent to all audit firms to get an overview of size, range of activities and quality of all audit firms. On the base of detailed analysis of IAR findings, in 2011 the CAC began full monitoring visits and detailed reviews of the audit work carried out by the registered audit firms and independent auditors.</p> <p>From 2011 the CAC began with six-year plans and detailed annual monitoring plans for each year. In selection of the audit firms for QA reviews CAC used the combination of cycle-based and risk-based approaches.</p> <p>The QA plan and programme for each inspection year were adopted by CAC Governing Board (CAC GB), with the previous approval of the Audit Public Oversight Committee (APOC) on a yearly basis. The CAC quality assurance system and QA activities were subject to review by the APOC (SMO1 paragraphs 80-81).</p> <p>At the end of the June 2017, the CAC finished with its sixth annual QA plan and with the second three-year review cycle of QA review of audit firms which perform audits of financial statements (FS) of public interest entities (PIEs) and we also finished the first six-year review cycle of audit firms which perform audits of FS of non-PIEs. During these six years the CAC QA team had carried out 428 QA reviews (approx. 70 QA reviews per one year). Of that total number, about 149 QA reviews referred to the audit firms with PIEs. At the beginning of the first six-year cycle of QA review in the CAC Register were 275 audit firms and 2 solo practitioners with 497 certified auditors while at the end of this cycle the total number of registered audit firms in the CAC Register were 223 with 505 (active) certified auditors. As of December 31, 2017, CAC has registered 230 audit firms and 496 (active) certified auditors.</p> <p>The overall results of each inspection year (2011/2012, 2012/2013, 2013/2014, 2014/2015, 2015/2016, 2016/2017) were generated in the CAC's annual reports and are publicly available on the archived CAC website: http://www.revizorska-komora.hr/index.php/nadzor-i-provjera-kvalitete-</p>					

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<p>rada.html. During this six-year period of active QA work and detailed analysis of QA findings, weaknesses and strengths of the QA system, the CAC initiated activities to enhance the QA Methodology and the efficiency of the QA system (SMO1 paragraphs 82-83).</p> <p>All these activities the CAC organized in accordance with the requirements of independence and objectivity and regarding safeguard of public interest.</p>					
<i>Support CAC Members in the Implementation of the Quality Control Standards</i>					
1.	Ongoing	Prepare technical support for the CAC members about implementation of quality requirements (ISQC1; ISQM1 and ISQM2) - available on the CAC website and in the Official Gazette.	Ongoing Annually	CAC GB	CAC's employees
2.	August 2013	Translation of Guide to Quality Control for Small and Medium Sized Practices, Third Edition, August 2011. (SMO 1 paragraphs 19, 23-25)	December 2013 Completed	CAC GB and Translation Committee	CAC's Principal Translator and Translators
3.	Ongoing	Prepare and conduct training modules for the CAC members about the most significant and frequent quality issues. CAC organizes trainings regarding implementation of requirements of the ISQC1 and new quality standards (ISQM 1 and ISQM 2), performing audits based on risks, procedures for risk assessment and response to risks, audit planning and audit reporting.	Ongoing Annually	CAC GB	Practitioners (CAC members) and CAC's employees
4.	Ongoing	Performance of the workshops according to the CAC's CPD programme on the ISAs and quality topics (ISQC 1/ISQM 1 and ISQM 2). (SMO 1 paragraphs 19, 23-25)	Ongoing Monthly	CAC GB and Translation Committee	Practitioners (CAC members) and CAC's employees
<i>Implement Quality Assurance Review System</i>					
5.	January 2011	Plan of QA reviews in 2011/2012 and detailed programme of QAD activities (i.e., education, training). (SMO 1 paragraphs 33-74)	February 2011 Completed	CAC's QAD	CAC's QAD employees
6.	March 2011	Reporting to the CAC GB and the APOC about IAR results and the summary of QA results available to the public. (SMO 1 paragraphs 73-74)	March 2011/June 2011 Completed	CAC's QAD	CAC's QAD employees
7.	April 2011	Creation of the Annual return 2010 - collection of data about activities of all audit firms during 2010.	June 2011 Completed	CAC's QAD	CAC's QAD employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
8.	Annually During Q2	Creation of the Annual return - collection of data about activities of all audit firms during previous year.	Annually Completed	CAC's QAD	CAC's QAD employees
9.	May 2011	Commencing programme of full monitoring visits (full assessment reviews) according to legal framework and developed methodology manual. (SMO 1 paragraphs 43-79)	First cycle completed July 2012 Completed	CAC's QAD	CAC's QAD employees
10.	September 2011	Reporting to the CAC GB and the APOC regarding QA reviews. (SMO 1 paragraphs 73-74)	Fist report (for 2011/2012) Completed July 2012 Completed	CAC's QAD	CAC's QAD employees
11.	October 2011	First six-year cycle plan of QA reviews in 2012/2017 and detailed one-year plan of QAD activities for the period 2012/2013.	July 2012 Completed	CAC's QAD	CAC's QAD employees
12.		Commencing programme of full monitoring visits according to the Annual plan of QA reviews in 2012/2013 and detailed programme of QAD activities. (SMO 1 paragraphs 33-74)	July 2013 Completed	CAC's QAD	CAC's QAD employees
13.		Commencing programme of full monitoring visits according to the Annual plan of QA reviews in 2013/2014 and detailed programme of QAD activities. (SMO 1 paragraphs 33-74)	July 2014 Completed	CAC's QAD	CAC's QAD employees
14.		Commencing programme of full monitoring visits according to the Annual plan of QA reviews in 2014/2015 and detailed programme of QAD activities. (SMO 1 paragraphs 33-74)	June 2015 Completed	CAC's QAD	CAC's QAD employees
15.		Commencing programme of full monitoring visits according to the Annual plan of QA reviews in 2015/2016 and detailed programme of QAD activities. (SMO 1 paragraphs 33-74)	June 2016 Completed	CAC's QAD	CAC's QAD employees
16.		Commencing programme of full monitoring visits according to the Annual plan of QA reviews in 2016/2017 and detailed programme of QAD activities. (SMO 1 paragraphs 33-74)	June 2017 Completed	CAC's QAD	CAC's QAD employees
17.		Plan of QA reviews in 2017/2018 and detailed programme of QAD activities per December 31, 2017. Combination of the regular visits (for the first time) and follow up visits of some audit firms based on the	June 2017 Completed	CAC's QAD	CAC's QAD employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
		findings of the three-year cycles (2011-2014 and 2014-2017) and of the six-year cycle (2011-2017).			
18.		Commencing programme of full monitoring visits according to the Annual plan of QA reviews in 2017/2018 Partially finished because of the provision of the Article 122 paragraph 2 of the Audit Law (deadline for finishing CAC's QA activities was December 31, 2017) (SMO 1 paragraphs 33-74)	December 31, 2017 Completed	CAC's QAD	CAC's QAD employees
19.	September 2013	Reporting to the CAC GB and the APOC regarding QA reviews: <ul style="list-style-type: none"> on bimonthly basis, from 2013/2014 on annually basis - report on the review findings for each finished year on periodic basis - overview of finished six-year cycle CAC works on the last Annual report for 2016/2017. (SMO 1 paragraphs 73-74)	Completed	CAC's QAD	CAC's QAD employees
20.		Monitoring and reviewing compliance with legal framework and operational framework (CAC methodology, tools, capacity) for the effective and efficient implementation of planned visits in a three-year and six-year cycles. (SMO 1 paragraphs 82-83)	Completed	CAC GB and CAC's QAD	CAC's QAD employees
21.		Tracking changes in business environments of audit firms (on an annual basis through Annual returns) for the purpose of organizing and carrying out CAC QA visits.	Completed	CAC's QAD	CAC's QAD employees
22.	May 2017	CAC is ready to encourage and be actively engage in developing of the MoF's QA system in-line with SMO 1, if they wish to accept this co-operation.	Ongoing	CAC GB	Practitioners (CAC members) and CAC's employees
23.	May 2022	CAC has prepared the initial proposal for reorganization of QA system in the Republic of Croatia, as a contribution for further strengthening of audit quality and confidence in audit profession	December 2022	CAC GB	Practitioners (CAC members) and CAC's employees
<i>Maintaining Ongoing Processes</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
24.		Continue to ensure that CAC's QA reviews are operating effectively and continues to be in line with SMO 1 requirements. This includes periodic review of the operation of the QA system and updating the Action Plan for future activities where necessary.	Completed	CAC GB and CAC's QAD	CAC's QAD employees
25.		Preparation and undertake of special education of QA reviewers: - training provided by ICAEW consultants, - participation on the regional REPARIS workshops - on-line access to ICAEW Financial Reporting Faculty and to ICAEW Audit and Assurance Faculty - CAC website and inclusion of new materials (i.e., CAC guidance, translated IFAC publications and articles)	Completed	CAC GB and CAC's QAD	CAC's employees and ICAEW experts
26.	Ongoing (after the MoF's QA system begins to operate)	Monitoring of the development and operation of the MoF's QA system and its implications on the operating of the audit firms and auditors. Encourage and assist the MoF to implement SMO 1 requirements if it would be appropriate for them.	Ongoing	CAC GB	CAC's employees
<i>Review of CAC's Compliance Information</i>					
27.	Ongoing	Perform periodic review and update sections relevant to SMO 1 as necessary.	Completed	CAC GB	CAC's employees

Main Requirements of SMO 1 (2022)

Requirements	Y	N	Partially	Comments
Scope of the System				Article 75
1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Quality Control Standards and Other Quality Control Guidance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Article 54

Requirements	Y	N	Partially	Comments
2. Firms are required to implement a system of quality control in accordance with the quality control standards.				
3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Article 101 In August 2022, CAC adopted ISQM 1 and 2 and ISA 220 (revised) in advance of the December 2022 effective date as issued by the IAASB.
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Article 101
Review Cycle 5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Article 76
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Article 76
QA Review Team 7. Independence of the QA Team is assessed and documented.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Article 80 paragraph 4 point 5 Supervision referred to in Article 75 of the new Audit Law shall be performed by authorized civil servants. Authorized civil servants shall be independent in relation to the subject that is the subject of supervision and there shall be no conflict of interests between authorized civil servants and supervised subject.
8. QA Team possesses appropriate levels of expertise.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Article 80 paragraph 4

Requirements	Y	N	Partially	Comments
				<p>In November 2018, the Ministry of Finance has started the process of selecting and recruiting of the new supervisors – civil servants.</p> <p>Authorized civil servants carrying out the supervision referred to in Article 75 of the Audit Law must meet the following conditions:</p> <ol style="list-style-type: none"> 1. to be a certified auditor with appropriate vocational training and relevant experience in performing the statutory audit and financial reporting; 2. to be trained to carry out the supervision of the quality of work of certified auditors and audit firms; 3. they must not be employed or in another relationship with the audit firm that is the subject of supervision; 4. at least three years cooling period from the date of termination of their status as a partner, employee or other form of liaison with the audit firm that is the subject of supervision; and 5. prior to the commencement of supervision, they must give a written statement that there is no conflict of interest between them and the audit firm that is the subject of supervision.
Reporting				Article 83
9. Documentation of evidence supporting the quality control review report is required.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Article 86
Corrective and Disciplinary Actions				Article 91 and Article 94
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Requirements	Y	N	Partially	Comments
12. QA review system is linked to the Investigation and Discipline system.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Article 94 and Article 96
Consideration of Public Oversight 13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Ministry of Finance has a both functions – the body responsible for QA reviews and the oversight body.
Regular Review of Implementation and Effectiveness 14. Regular reviews of implementation and effectiveness of the system are performed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Article 71 – MoF’s annual plan and program; Article 72 - cooperation with the other supervisors; Article 92 - annual report of the QA review results.

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants
Action Plan Objective: To ensure that all IES requirements are incorporated into CAC’s education requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background</i></p> <p>In a meaning of the new Audit Law, a certified auditor is a natural person who has a work permit issued by the MoF in accordance with the provisions of this Law. The MoF shall issue a work permit for performing audit services to a natural person who meets the following conditions:</p> <ol style="list-style-type: none"> 1. has passed an audit exam and 2. has a good reputation. <p>The right to take an audit exam has a candidate who meets the following conditions:</p> <ol style="list-style-type: none"> 1. has completed at least an Undergraduate and Graduate University Study or an Integrated Undergraduate and Graduate University Study or an Undergraduate Professional Study and Specialistic Graduate Professional Study, and completed at least 300 ECTS credits or an University Study program which has completed a high level of professional education and 2. five years of work experience of which at least three years in the performance of the statutory audit under the supervision of a certified auditor for the last eight years prior to the passing of an audit exam. The commencement of the fulfilment of this condition shall commence upon the acquisition of the conditions referred to in item 1. <p>The main change in relation to the previous Audit Law is that all candidates who are eligible to attend the audit exam must attend the IPD training, according to the IPD program which must have a prior approval of MoF. The organizers of the IPD training shall be CAC, MoF or any other educator. The previous requirement to become a certified auditor was to pass an audit exam. The candidates had to meet conditions to have the university bachelor’s degree (240 ECTS credits) and the three-years of work experience in an audit firm, of which two years had to be mentored by certified auditor.</p> <p>CAC monitored pre-qualification requirements of candidates, including mentors for the purpose of validating the third-year experience done in business. In accordance with Audit Law, CAC verifies whether the candidates meet the conditions to take an audit exam.</p> <p>CAC has the public authority to conduct the audit exam. For that purpose, CAC has to appoint the Examination Committee for each audit exam. The Examination Committee shall be composed of representatives of the MoF, members from the academic community, certified auditors and other experts with relevant knowledge and experience for at least five years in the scientific-teaching qualifications of the exam’s area for which they are engaged as the members of the Examination Committee. After the audit exam, CAC has to issue the certificates of passing the audit exam which is an administrative act. CAC has to keep records of the passed audit exams.</p> <p>The audit exam shall demonstrate the ability to carry out auditing services, the required level of theoretical knowledge of candidates and the ability to apply that knowledge in practice. The audit exam shall cover at least the following areas:</p> <ol style="list-style-type: none"> 1. general accounting theory and principles 2. regulations and standards related to the preparation of annual financial statements and annual consolidated financial statements 3. International Financial Reporting Standards and Croatian Financial Reporting Standards 4. financial analysis 					

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<ol style="list-style-type: none"> 5. costs and management accounting 6. risk management and internal control 7. audit and expert skills 8. regulations regarding the preparation of annual financial statements and annual consolidated financial statements of entities under the supervision of the Croatian National Bank and the Croatian Financial Services Supervisory Agency, and their audits 9. regulations and professional standards relating to the performance of audit services, auditors, and audit firms 10. International Standards on Auditing and 11. professional ethics and independence. <p>In addition, the audit exam shall include the following areas to the extent that they are relevant for auditing:</p> <ol style="list-style-type: none"> 1. company law and corporate governance 2. bankruptcy and similar legal proceedings 3. tax law 4. civil and commercial law 5. social and labour law 6. information technology and computer systems 7. economy and business economics 8. mathematics and statistics 9. basic principles of financial management of the companies 10. prevention of money laundering and financing of terrorism. <p>The audit exam is organized and conducted by the CAC. The audit exam shall be based on the CAC program in the manner that shall be prescribed by the MoF's Rulebook. In 2018, CAC organized and conducted an audit exam for the candidates from the previous education cycles (2016 and 2017) in regard the rules that were on force until the December 31, 2017. From 2019, CAC has organized three cycles (2019 and 2021 – finished, 2022 – in process) of audit exam for candidates who meet new conditions. For each of these exams, CAC has prepared related Plan and Programme of audit exam, for which it has received prior MoF's approval.</p> <p>The CAC has developed cooperation with the Faculty of Economics, University of Zagreb, and other stakeholders with intention to implement structures and programs for students in accordance with the International Education Standards (IESs) and with proper linkages to the CAC professional education programme. Regarding IES requirements, in 2013 CAC established communication with the Association of Chartered Certified Accountants (ACCA) which finalised in April 2014 with signing of the Memorandum of Understanding. Unfortunately, the planned scope and intensity of cooperation and the expected results were missing, because of the CAC's priorities in regard the reformed EU audit directive requirements and the intensive analysis and discussions about the possible models of their implementation in the national audit framework. During the period of 2014 to 2017, CAC dealt with inappropriate attitudes of some stakeholders towards the audit profession and against the professional organizations. In that period the CAC priority was the protection of the audit profession interest and the public interest.</p>			

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>Cooperation CAC with ACCA were revitalized in 2021, especially in area of audit exam and conditions for recognition of ACCA qualification. This process is directly connected with current activities on Audit Law and CAC's proposed changes for: a) level of formal education (180 ECTS credits with 5-year work experience, in addition to 300 ECTS with 3-year work experience), b) audit exam's structure (5 modules instead of 7 papers/exam tests), c) initial professional education (voluntary instead if mandatory), d) partial exemption at audit exam for ACCA candidates and e) delegation of authority to conduct aptitude test from MoF to CAC. Proposed change of audit exam structure considered ability of partial exemption for candidates with active ACCA licence on the strategic professional level (with passed ACCA paper - Advanced Audit and Assurance in the last five years since aptitude test).</p> <p>Due to general conditions defined in the new Audit Law about the initial education, audit exam and continuous professional development of the auditors, CAC will continue the initiated actions. Through this cooperation CAC, as one of the possible organizers of the vocational professional training, has possibility for qualitative changes and improvement in compliance with IESs. Therefore, CAC has started with activities on creation of the appropriate structure and content of IPD syllabus for the candidates who meet the conditions to get an audit exam and another one specific programme for the audit trainees through 3-years monitored working period. This will determine further CAC concrete action in the promotion and regulation of the audit and accounting professions.</p> <p>Regarding the audit exam, the CAC continuously examines the quality and level of achievement and the objective of the audit exam in the verification and the ability of candidates to apply the acquired theoretical knowledge and professional skills in practice. To this end, through cooperation relations, the CAC exchanges experience with the EU professional organization (e.g. Germany, Czech Republic, Slovakia, Slovenia) and ACCA. Considering the progress in best practice at the EU and international level, and the current legislative framework in the Republic of Croatia, the CAC, through the activities of GB and its Committee for Vocational Training and Continuing Professional Improvement, proceeds to qualitative changes in the revision of the audit exam. The emphasis of the current changes is on the exam subjects: Financial accounting and financial reporting and Audit and assurance, through the introduction of a model of verification of the candidate's capabilities through solving the problem questions and case analysis, as a substitute for the current model of verification of theoretical knowledge. As mentioned in SMO1, proposed changes of Audit Law determine further CAC activities. So, CAC works on detailed elaboration of structure and content of the audit exam (in future, modules) to be prepared for robust changes in 2023. The changes of audit exam will have reflection on the obligatory period of practice audit work of the candidates through their 3-years or 5-years monitored by certified auditor.</p> <p>Regarding the status of IES implementation, the CAC makes efforts to apply IES's recommendations relevant to Initial Professional Development and audit exam, like technical competence (IES 2 revised), professional skills (IES 4 revised), professional values, ethics, and attitudes (IES 6 revised), considering their compatibility with the Croatian audit legislative framework.</p> <p>Regarding Continuing Professional Development (CPD), the Article 14 of the new Audit Law defines the obligation of the certified auditors to carry out continuing professional education for a minimum 120 hours (points) for a period of three consecutive years. This obligation started as of the date of working permission for certain certified auditors, issued by MoF. For the auditors that were certified in accordance with previous Audit Law, that obligation started as of January 1, 2018. The MoF, CAC and other organizers may organize and carry out continuous professional training for the certified auditors. MoF conducts continuous professional training according to the program that it publishes publicly. CAC and other organizers carry out continuous professional training according to the programs approved by the MoF and published publicly.</p> <p>From the November 29, 2018, in the force is the Rulebook on the continuous professional education of the certified auditors (Official Gazette, 104/18 and 144/20), issued by MoF. In accordance with this Rulebook the certified auditor has an obligation to continuously train in the field of audit services</p>			

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<p>to maintain theoretical knowledge, professional skills, ethical and other values at a sufficiently high level that are necessary for the quality of auditing services. Furthermore, the MoF accepted the CAC's proposals, and this Rulebook considers the requirements of the International Standards on Education 7 - Permanent Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence issued by the International Accounting Standards Board (IAESB).</p> <p>Regarding IES 8 (revised) - Professional Competence for Engagement Partners Responsible for Audits of Financial Statements, in 2022 the CAC has provided some CPD topics for engagement partners (e.g., ESEF reporting, impacts of COVID 19, impacts of Russian invasion) and will continue with this practise. Also, CAC will continue with promotion of IES 8 to the MoF, as proposal for implementation in above mentioned Rulebook if it is acceptable for MoF.</p> <p>From 2013 CAC has capacity to provide workshops for their members within the CPD programme and according to their interest and need for updating the knowledge and skills in implementation of ISAs and ISQC1. Additionally, at least once a year, the CAC organises the conference for its members which programme contain up-to day themes relevant to audit profession (e.g., changes in Audit Law, Accounting Law and other relevant Laws, changes in ISAs, IFRSs, ICT, etc). Given the changed CAC's public powers, it fully focuses on engaging in the education of certified auditors, what is now the key CAC's function. Form 2018 CAC organizes one-day seminars and workshops on the accountancy and audit topics that conduct audit practitioners and other experts as contractual external associates. In accordance with the new legal framework all these activities are incorporated in CAC's annual CPD programme for each year, with MoF's prior approval. In the first CPD three-year cycle (2019-2021), CAC annually has organized and performed CPD program with average of 28 topics, with average of 130 hours total, that was attended by average of 500 (of app 900 total) different certified auditors.</p> <p>Supervisor over the fulfilment of auditors' CPD requirements is MoF. In this regard, the MoF's supervision of the first CPD cycle resulted with revocation of more than 360 working permission for certified auditors, where the majority were those who were not active in the audit (e.g., employees outside audit firms or are pensioners).</p> <p>Furthermore, MoF is also responsible to oversight the process of initial education so called professional training for taking the audit exam and the process of audit exam.</p>					
<i>Adoption and full implementation of the IESs</i>					
28.	March 2010	Translation of IESs into Croatian language. Work with IFAC Translation Department to produce high quality translations which are developed in-line with IFAC translation policies.	November 2010 Completed	CAC GB and Translation Committee	Translation Committee staff
29.	June 2011	Study and analysis of differences between IESs and national education requirements. As of 2014, the study is in progress and the cooperation with ACCA will be helpful.	January 2013 <i>Deferred</i>	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC GB – Committee for Vocational Training and Continuing Professional Improvement with CAC employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
		For these activities will be important the final decision on whether the accounting profession in the Republic of Croatia will be regulated or not, as well as all related actions to the audit profession.			
30.	September 2011	Provision of recommended actions for improving alignment of CAC's IPD and CPD education and certification program with IESs.	March 2013 <i>Deferred</i>	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC GB – Committee for Vocational Training and Continuing Professional Improvement with CAC employees
31.	October 2011	Implementation of IESs.	May 2013 <i>Deferred</i>	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC GB – Committee for Vocational Training and Continuing Professional Improvement with CAC employees
32.	June 2018	Design of the one-year CPD programme and plan for the 2019 in accordance with IES 7, that include audit, accountancy and other relevant topics	October 2018 Completed	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC GB – Committee for Vocational Training and Continuing Professional Improvement with CAC employees
33.	Ongoing	The Annual CPD programme for each year considers the requirements of the International Standards on Education 7 issued by the International Accounting Standards Board (IAESB). MoF's prior approval is required.	Ongoing Annually (First CPD programme for 2019, completed in November 2018)	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC GB – Committee for Vocational Training and Continuing Professional Improvement with CAC employees
34.	January 2018	Design of the new programme and plan for the vocational education of candidates who meet conditions to attend the audit exam	March 2018 Completed	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC GB – Committee for Vocational Training and Continuing Professional Improvement with CAC employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
35.	Ongoing	The IPD programme and Programme of Audit exam for every new cycle. MoF's prior approvals for each Programme are required.	Ongoing Annually (First IPD programme for 2019 cycle, completed in July 2019; first Audit exam programme for 2019 cycle, completed in September 2019)	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC GB – Committee for Vocational Training and Continuing Professional Improvement with CAC employees
36.	March 2018	Design of the new programme and plan for professional education of the audit trainees during the 3-year monitored work the audit firm	June 2018 <i>Deferred in 2023</i>	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC GB – Committee for Vocational Training and Continuing Professional Improvement with CAC employees
37.	March 2017	CAC initiated proposals for changes in the Accounting Law regarding regulation of accountancy profession and their required conditions (e.g., education). In December 2018, MoF has abandoned the introduction of licensing obligations in the case if accounting services are outsourcing. Main impact on the creation of that MoF's decision had certain accounting consultants and accountant's association, such as Croatian Association of Accountants and financial Experts and the Association of Accountants (inside the RRIF - accounting consultant).	December 2018 Completed	CAC GB	CAC employees
38.	Ongoing	Continue to monitor IESs for updates and ensure that these updates are adequately reflected in the CAC education programme.	Ongoing	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC employees
<i>Maintaining Ongoing Processes</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
39.	Ongoing	Continue to ensure that CAC's education requirements incorporate IES requirements. This includes periodic review of the existing requirements and preparation of the Action Plan for future activities where necessary.	Ongoing	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC GB – Committee for Vocational Training and Continuing Professional Improvement
40.	January 2018	As of January 2018, certified auditors are obliged to submit an annual report to MoF with information in accordance with the CPD Rulebook. Since 2021, for each finished three-year CPD cycle certified auditors have to submit one report. CAC as one of the organizers of IPD and CPD activities for the auditors, has the obligation of continuous reporting to the MoF, about all its activities for which were obtained the prior approval of the MoF.	Ongoing	CAC GB	CAC employees
<i>Review of CAC's Compliance Information</i>					
41.	Ongoing	Perform periodic review and update sections relevant to SMO 2 as necessary.	Ongoing	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC GB – Committee for Vocational Training and Continuing Professional Improvement

Action Plan Subject: SMO 3—International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Continue to use best endeavours to maintain ongoing process to adopt and implement IAASB Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>According to the Accounting Law (Official Gazette, 78/15, 120/16, 116718, 42/20, 47/20 and 114/22) from January 1, 2016, the mandatory audit of the annual financial statements (FS) is required for the separate and consolidated financial statements:</p> <ul style="list-style-type: none"> - of all PIEs as well as big and medium sized companies and other companies that are not PIEs, - of limited partnerships and limited liability companies which on their balance sheet dates exceed the limits of least two of the three following criteria: <ul style="list-style-type: none"> a) balance sheet total: 15,000,000 HRK (2.000.000 EUR) b) total income: 30,000,000 HRK (4.000.000 EUR) c) average number of employees during the financial year: 25, - of companies for periods shorter than one year if such period preceding the status changes, liquidation or bankruptcy. <p>Additionally, according to the special law that regulates financial operations and accounting of non-profit organizations (Official Gazette, 121/14), from 2015 non-profit organization with total income in previous year between 3.000.000 HRK and 10.000.000 HRK is obliged to have the review of the annual FS and non-profit organization which the total income in previous year exceed 10.000.000 HRK is obliged to have the audited annual FS.</p> <p>The Audit Law stipulates that ISAs need to be applied in the Republic of Croatia. All ISAs, including any revisions, are adopted as drafted by IAASB, without modifications and including the effective date. The overall responsibility of adopting and translating the ISAs is with the CAC.</p> <p>The CAC has translated the Handbook of International Standards on Auditing and Quality Control, 2009 Edition, which is published in Official Gazette and published on CAC's website for free public use.</p> <p>At the end of 2013, CAC GB adopted a decision on translation of revised ISAs and other pronouncements of IAASB to provide members with the update of Handbook of International Standards on Auditing and Quality Control, edition 2009. Furthermore, because of IAASB's activity and changes of ISAs and other standards, in the period from 2014 to 2022 CAC GB adopted several decisions on translation all revised and new ISAs.</p> <p>Through the successive translation of new and amended standards, by the end of August 2022 the CAC completed the translation of Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, 2020 Edition. Next CAC goal, according to CAC GB decisions, is to enable access to up-to-date texts of Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, 2020 Edition. So, the process of refining all translated standards, their unifying and arranging for publication in an electronic format on CAC website, is going on.</p>					
<i>Further improvements to process for adoption and implementation of IAASB pronouncements</i>					
42.	June 2010	On annual basis organise the courses or workshops to educate certified auditors about ISAs implementation and new auditing requirements.	Ongoing	CAC GB – Committee for Auditing Standards and Ethics and Committee for	Practitioners (CAC members) and CAC employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<ul style="list-style-type: none"> From 2010 CAC annually held symposiums on ISAs topics to promote proper understanding and using ISAs in practice. In accordance with the decisions of the CAC General Assembly (March 2012, July 2012) CAC GB made efforts to create conditions for education and training of certified auditors through workshops (program of workshops; started from February 2013). 		Vocational Training and Continuing Professional Improvement	
43.	June 2010	<p>On a continuous basis ensure that prequalification education and certification materials utilize most recent amendments and additions to ISAs.</p> <p>In accordance with the decisions of the CAC General Assembly (March 2012, July 2012), IPD Operational Programme and CPD Programme have been updated. CAC on annual basis prepares, on MoF preapproval, annual IPD and CPD program, which are conducted by CAC.</p>	Ongoing Annually	CAC GB – Committee for Auditing Standards and Ethics and Committee for Vocational Training and Continuing Professional Improvement	Practitioners (CAC members) and CAC employees
44.	June 2010	<p>Enhance and strengthen CPD program on new ISAs.</p> <p>Based on the decisions of the CAC General Assembly (March 2012, July 2012) and in respect of the QA results, CAC GB made efforts to create conditions for education and training of certified auditors through workshops and CAC guidance to promote proper understanding and use ISAs in practice.</p>	Ongoing	CAC GB – Committee for Auditing Standards and Ethics and Committee for Vocational Training and Continuing Professional Improvement	Practitioners (CAC members) and CAC employees
45.	April 2011	Provide auditors with the information on auditing issues connected with the actual national and global financial situation and trends. Publish on the CAC website translation of IFAC/FEE/WB materials.	Ongoing	CAC GB – Committee for Auditing Standards and Ethics	CAC employees
46.	May 2011	<p>Implementation of ISAs is a subject of QA reviews.</p> <p>Feedback from QA activities (CAC previous, MoF current) about application issues is the basis for further planning and organizing CAC CPD activities.</p>	Ongoing	CAC GB – Committee for Auditing Standards and Ethics and Committee for Vocational Training and Continuing	CAC employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
				Professional Improvement	
47.	August 2013	<p>Translation of:</p> <p>1. Guide to Using International Standards on Auditing in the Audits of Small- and Medium- Sized Entities, Volume 1 - Core Concepts, Third Edition, November 2011;</p> <p>2. Guide to Using International Standards on Auditing in the Audits of Small- and Medium- Sized Entities, Volume 2 - Practical Guidance, Third Edition, November 2011.</p> <p>(SMO 1 paragraphs 19, 23-25)</p> <p>As of March 28, 2014, are publicly available on the CAC's website: https://www.revizorska-komora.hr/ifac-publikacije-a126</p>	December 2013 Completed	CAC GB and Translation Committee	CAC Principal Translator and Translators
48.	June 2014	<p>Translation of:</p> <p>1. Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, 2013 Edition, Volume I, ISBN: 978-1-60815-152-3, following parts:</p> <ul style="list-style-type: none"> • ISA 315 (Revised), Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment; • ISA 610 (Revised), Using the Work of Internal Auditors; • ISA 610 (Revised 2013), Using the Work of Internal Auditors; <p>2. Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, 2013 Edition, Volume II, ISBN: 978-1-60815-152-3, following part:</p> <ul style="list-style-type: none"> • 2400 (Revised) Engagements to Review Financial Statements (previously ISA 910). <p>As of May 28, 2015, are publicly available on the CAC's website: https://www.revizorska-komora.hr/medjunarodni-revizijski-standardi-a80</p>	April 2015 Completed	CAC GB and Translation Committee	CAC Principal Translator

#	Start Date	Actions	Completion Date	Responsibility	Resource
49.	October 2015	<p>Translation of: Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, 2015 Edition, following parts:</p> <ul style="list-style-type: none"> • ISA 260 (revised) - <i>Communication with Those Charged with Governance</i>; • ISA 570 (revised) - <i>Going Concern</i>; • ISA 700 (revised) - <i>Forming an Opinion and Reporting on Financial Statements</i>; • ISA 701 (new) - <i>Communicating Key Audit Matters in the Independent Auditor's Report</i>; • ISA 705 (revised) - <i>Modifications to the Opinion in the Independent Auditor's Report</i>; • ISA 706 (revised) - <i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</i> <p>As of December 5, 2016, are publicly available on the CAC's website: https://www.revizorska-komora.hr/medjunarodni-revizijski-standardi-a80</p>	November 2016 Completed	CAC GB and Translation Committee	CAC Principal Translator
50.	August 2017	<p>Translation of: Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, 2016-2017 Edition, following parts:</p> <ul style="list-style-type: none"> • ISA 250 (Revised 15.12.17.), <i>Consideration of Laws and Regulations in an Audit of Financial Statements</i> • ISA 800 (Revised), <i>Special Considerations - Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks</i> • ISA 805 (Revised), <i>Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i> • ISA 810 (Revised), <i>Engagements to Report on Summary Financial Statements</i> <p>As of December 31, 2018, are publicly available on the CAC's website: https://www.revizorska-komora.hr/medjunarodni-revizijski-standardi-a80</p>	November 2018 Completed	CAC GB and Translation Committee	CAC Principal Translator

#	Start Date	Actions	Completion Date	Responsibility	Resource
51.	March 2019	Decision on the revision of the translated ISAs with the aim of harmonizing the terms and improving the Croatian translation	June 2019 <i>Deferred in 2022</i>	CAC GB and Translation Committee	CAC Principal Translator
52.	May 2019	Translation of: Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, 2018 Edition, following parts: <ul style="list-style-type: none"> ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information As of July 29, 2019, are publicly available on the CAC's website: https://www.revizorska-komora.hr/medjunarodni-revizijski-standardi-a80 https://www.revizorska-komora.hr/medjunarodni-standardi-uvida-ostalih-angazmana-s-izrazavanjem-uvjerenja-i-povezanih-usluga-a101	July 2019 Completed	CAC GB and Translation Committee	CAC Principal Translator
53.	July 2020	Translation of: IFAC publication ISA 540 (Revised), Implementation – Simple and Complex Illustrative Examples, May 2020 As of November 9, 2020, is publicly available on the CAC's website: https://www.revizorska-komora.hr/ifac-publikacije-a126	November 2020 Completed	CAC GB and Translation Committee	CAC Principal Translator
54.	September 2020	Translation of: Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, 2018 Edition, following parts: <ul style="list-style-type: none"> ISA 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement ISRS 4400 (Revised), Agreed-upon Procedures Engagements As of July 19, 2021, are publicly available on the CAC's website https://www.revizorska-komora.hr/medjunarodni-revizijski-standardi-a80	June 2020 Completed	CAC GB and Translation Committee	CAC Principal Translator

#	Start Date	Actions	Completion Date	Responsibility	Resource
		https://www.revizorska-komora.hr/medjunarodni-standardi-uvida-ostalih-angazmana-s-izrazavanjem-uvjerenja-i-povezanih-usluga-a101			
55.	September 2020	<p>Translation of: Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, 2020 Edition, following parts:</p> <ul style="list-style-type: none"> • IAPN 1000, Special Considerations in Auditing Financial Instruments • ISAE 3410, Assurance Engagements on Greenhouse Gas Statements • ISAE 3420, Assurance Engagements to Report on the Compilation of Pro forma Financial Information included in a Prospectus • ISRS 4410 (Revised), Compilation Engagements <p>As of February 8, 2022, are publicly available on the CAC's website: https://www.revizorska-komora.hr/medjunarodni-standardi-uvida-ostalih-angazmana-s-izrazavanjem-uvjerenja-i-povezanih-usluga-a101</p>	January 2022 Completed	CAC GB and Translation Committee	CAC Principal Translator
56.	January 2022	Decision on the revision of the translated ISAs with the aim of harmonizing the terms and text with IAASB Handbook, 2020 Edition, and improving the Croatian translation	December 2022	CAC GB and Translation Committee	CAC Principal Translator
57.	January 2022	<p>Translation of: Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, 2020 Edition, following parts:</p> <ul style="list-style-type: none"> • ISA 220 (Revised), Quality Management for an Audit of Financial Statements • ISQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements • ISQM 2, Engagement Quality Reviews • Conforming amendments to International Standards on Auditing (ISA) and related material arising from the quality management projects 	August 2022 Completed	CAC GB and Translation Committee	CAC Principal Translator

#	Start Date	Actions	Completion Date	Responsibility	Resource
		As of August 29, 2022, are publicly available on the CAC's website: https://www.revizorska-komora.hr/medjunarodni-standardi-kontrole-kvalitete-a81			
58.	September 2022	Translation of: IFAC publication ISA 315 (Revised 2019) First Time Implementation Guide, July 2022	December 2022	CAC GB and Translation Committee	CAC Principal Translator
59.	September 2022	Translation of IFAC publications: <ul style="list-style-type: none"> • ISA 220 (Revised) First-Time Implementation Guide, February 2022 • ISQM 1 First-Time Implementation Guide, September 2021 • ISQM 2 First-Time Implementation Guide, June 2021 	January 2023	CAC GB and Translation Committee	CAC Principal Translator
<i>Maintaining Ongoing Processes</i>					
60.	Ongoing	Continue to support ongoing adoption and implementation of IAASB pronouncements. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	CAC	CAC employees
<i>Review of CAC's Compliance Information</i>					
61.	Ongoing	Perform periodic review and update sections relevant to SMO 3 as necessary.	Ongoing	CAC	CAC employees

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Continue to use best endeavours to maintain ongoing process to adopt and implement IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>The CAC has a statutory responsibility to promote quality, expertise and integrity of its members, to promote the auditing professional interests and take care of the fine reputation of the auditing profession in the Republic of Croatia.</p> <p>The CAC adopted the IESBA Code of Ethics and is responsible for update and translation of the Code. The Audit Law requires application of the IESBA Code that is translated by the CAC. The CAC has translated the 2010 Handbook of the Code of Ethics for Professional Accountants which is published in Official Gazette and placed on the CAC's website for free public use. In the period from 2016 to 2021 CAC GB has adopted several decisions on translation of revised IESBA Code of Ethics, to provide members with all updates.</p> <p>CAC has adopted, on the Croatian language translated, the IESBA Handbook of the International Code of Ethics for Professional Accountants (Including International Independence Standards), 2018 Edition and Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in International Standard on Assurance Engagements 3000 (Revised), 2020 Edition. Both documents are published on the CAC's website. Furthermore, CAC has decided to translate the IESBA Handbook of the International Code of Ethics for Professional Accountants (Including International Independence Standards), 2022 Edition, with the IFAC permission.</p> <p>The CAC encourages and promotes application of the Code of Ethics to its members.</p>					
<i>Further Ensure Effective Implementation of the Code of Ethics</i>					
62.	June 2010	Translation of the 2010 Handbook of the Code of Ethics for Professional Accountants into Croatian language.	October 2010 Completed	CAC GB and Translation Committee	CAC Principal Translator
63.	October 2010	The translated HB of the Code of Ethics, 2010 Edition, is published on the CAC website.	October 2010 Completed	CAC GB and Translation Committee	CAC Principal Translator
64.	Ongoing	Monitor the changes made to the IESBA Code of Ethics and adopt the changes following the existing due process. In particular, monitor closely the IESBA work program and proposed revisions to the IESBA Code of Ethics so they can be incorporated into CAC's framework on a timely basis. This includes updating the Action Plan as necessary.	Ongoing	CAC GB – Committee for Auditing Standards and Ethics	CAC's employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
65.	October 2015	The translated HB of the Code of Ethics, 2015 Edition, is published on the CAC website.	November 2016 Completed	CAC GB and Translation Committee	CAC Principal Translator
66.	August 2017	Translation of the HB of the Code of Ethics, 2016 Edition. As of December 31, 2018, is publicly available on the CAC's website: https://www.revizorska-komora.hr/kodeks-etike-za-profesionalne-racunovodje-a79	November 2018 Completed	CAC GB and Translation Committee	CAC Principal Translator
67.	August 2017	Translation of the Changes to the Code Addressing the Long Association of Personnel with an Audit or Assurance Client, January 2017. As of December 31, 2018, is publicly available on the CAC's web site: https://www.revizorska-komora.hr/kodeks-etike-za-profesionalne-racunovodje-a79	December 2018 Completed	CAC GB and Translation Committee	CAC Principal Translator
68.	October 2019	Translation of the HB of the International Code of Ethics for Professional Accountants (Including International Independence Standards), 2018 Edition. As of May 22, 2020, is publicly available on the CAC's website: https://www.revizorska-komora.hr/kodeks-etike-za-profesionalne-racunovodje-a79	May 2020 Completed	CAC GB and Translation Committee	CAC Principal Translator
69.	September 2020	Translation of the Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in International Standard on Assurance Engagements 3000 (Revised), 2020 Edition As of March 2, 2021, is publicly available on the CAC's website: https://www.revizorska-komora.hr/kodeks-etike-za-profesionalne-racunovodje-a79	March 2021 Completed	CAC GB and Translation Committee	CAC Principal Translator
70.	September 2022	Translation of the HB of the International Code of Ethics for Professional Accountants (Including International Independence Standards), 2022 Edition.	December 2022	CAC GB and Translation Committee	CAC Principal Translator
71.	Ongoing	Initiate changes of the CPD ethical education curriculum and organization of seminars and workshops on relevant ethical topics.	Ongoing	CAC GB – Committee for Auditing Standards and Ethics	Practitioners (CAC members) and CAC employees
72.	Ongoing	Provide auditors with the information on ethics issues connected with the actual global or national trends.	Ongoing Annually	CAC GB – Committee for Auditing Standards and Ethics	Practitioners (CAC members) and CAC employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Publish on the CAC website translation of IFAC/AE/WB materials.			
73.	Ongoing	Support and encourage auditors on consistent application of the Code of Ethics to promote ethical conduct in all aspects of business and management levels. In this regard, CAC holds professional consultation and expert opinions regarding the issues of conflict of interest in providing of audit and non-audit services.	Ongoing	CAC GB – Committee for Auditing Standards and Ethics	Practitioners (CAC members) and CAC employees
74.	Ongoing	Provide expert opinions and organize workshops regarding implementation of Audit Law requirements and Regulation (EU) 537/14, such as independence, conflict of interest, non-audit services for PIE and rotation matters.	Ongoing (As needed)	CAC GB – Committee for Auditing Standards and Ethics	Practitioners (CAC members) and CAC employees
75.	Ongoing	Initiation of panels and discussions with representatives of the accounting profession and the relevant institutions on ethical issues, to encourage ethical behaviour at the national level.	Ongoing (As needed)	CAC GB – Committee for Auditing Standards and Ethics	CAC GB – Committee for Auditing Standards and Ethics and Practitioners (CAC members)
<i>Maintaining Ongoing Processes</i>					
76.	Ongoing	Continue to support ongoing adoption and implementation of IESBA Code of Ethics. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	CAC GB – Committee for Auditing Standards and Ethics	CAC's employees
<i>Review of CAC's Compliance Information</i>					
77.	Ongoing	Perform periodic review and update sections relevant to SMO 4 as necessary.	Ongoing	CAC GB – Committee for Auditing Standards and Ethics	CAC's employees

Action Plan Subject: SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Promoting the use of IPSASs in Croatia

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>Public sector accounting standards are not within the scope and function of the CAC. The Republic of Croatia does not currently require the use of the International Public Sector Accounting Standards (IPSASs). The Croatian government develops national public sector accounting standards which are in authority of the Ministry of Finance.</p> <p>The Republic of Croatia as a member of the EU is involved in discussions on the implementation of IPSASs at EU level. Dynamics of acceptance and application shall be agreed at EU level, considering the condition and capacity of Member States.</p>					
<i>Promoting the Use of IPSASs</i>					
78.	September 2010	<p>Promote the use of the IPSASs among the members and Government institutions through presentations and meetings with the MoF and the State Audit Office.</p> <ul style="list-style-type: none"> In 2011/2012, consultations with the MoF were held as requested on the issue of IPSASs, In 2011/2012, regular meetings were held at the invitation of Croatian Association of Accountants and Financial Experts on the subject. <p>As of 2016, no bilateral meetings on the subject are planned. However, at the Annual meeting of accountants, the MoF presents the process at EU level.</p>	Ongoing	CAC GB	CAC GB
<i>Maintaining Ongoing Processes</i>					
79.	Ongoing	Continue to identify opportunities to further assist in implementation of IPSASs. This includes review of the existing activities and preparation of the Action Plan for future activities where necessary.	Ongoing	CAC GB – Committee for Auditing Standards and Ethics	CAC's employees
<i>Review of CAC's Compliance Information</i>					
80.	Ongoing	Perform periodic review and update sections relevant to SMO 5 as necessary.	Ongoing	CAC GB – Committee for Auditing Standards and Ethics	CAC's employees

Action Plan Subject: SMO 6–Investigation and Discipline

Action Plan Objective: Continue to use best endeavours and further improve CAC’s investigation and disciplinary system

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background</i></p> <p>Due to new Audit Law, CAC does not have direct responsibility for I&D against the auditors and audit firms in relation to QA. MoF as a competent authority with the ultimate responsibility for investigation and disciplinary system, may impose one or more of the following supervisory measures:</p> <ol style="list-style-type: none"> 1. order to terminate certain proceedings and to refrain from repetition of certain conduct 2. public warning with the type of illegality and irregularity, which is published on the MoF’s 3. order to eliminate unlawfulness and/or irregularity 4. prohibition for carrying out legal audits and/or signing audit reports 5. determine that the audit report does not meet the requirements of Article 58 of Audit Law and, if applicable, Article 10 of Regulation (EU) 537/2014 6. temporary prohibition of a member of the audit firm for performing a function in the audit firm or a member of the administrative or management body of a public interest entity for performing a function in a public interest entity. <p>According to new Audit Law CAC has no authorities to conduct I&D procedures and measures against certified auditors and audit firms. Regardless of this fact CAC Statute establish special independent body within CAC, the Court of Honor. The role of Court of Honor is very narrow and limited only to:</p> <ol style="list-style-type: none"> 1. financial negligence of members for not paying membership fees, contributions and other financial obligations towards the CAC 2. violation of the provisions of the Statute 3. violations of the provisions of other Chamber's general acts- <p>Due to limited scope of authority, the Court of Honor has no activity. Any complaints received from third parties related to the QA and legal matters are out scope of Court of Honor and are directly forwarded to MoF.</p> <p>The previous Audit Law contains provisions on investigation and discipline of certified auditors. All details of I&D system are contained in the previous CAC’s Statute, which was adopted on General Assembly, on March 20, 2010. This CAC Statute (under I&D article) recognises mild misconduct and gross/serious misconduct. Sanctions are ranked from warning, reprimand, and fine of costs to withdrawal of the right to carry out audits (loss of professional title). According to them CAC is responsible for investigating and disciplining (I&D) audit firms, independent auditors and certified auditors and for carrying out the processes through Disciplinary Council (DC). In this respect, APOC has oversight authority under the CAC’s disciplinary actions and other measures, i.e., investigative and disciplinary procedures aimed at eliminating and sanctioning irregularities. In current CAC practice, most of I&D procedures related to the audit firms and their responsible persons because of the low quality of audit services.</p> <p>The disciplinary proceedings were initiated by all the CAC bodies, apart from the Disciplinary Council (DC), by the General Secretary and other members, all those who have become aware of the violation committed. That was also initiated by APOC. The initiation of disciplinary proceedings was on a complaints-based and on an information-based, all documented. The charges were brought up by the Disciplinary Prosecutor.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>The CAC I&D system consisted of the Disciplinary Prosecutor and the Disciplinary Council. The Disciplinary Council conducted disciplinary proceedings and decided on one's disciplinary liability. The Disciplinary Prosecutor instituted disciplinary proceedings and conducted the disciplinary pre-trial stage. The Disciplinary Prosecutor and his/her deputy were appointed by the Governing Board for a four-year term of office. The Disciplinary Prosecutor should not have been a member of the Governing Board.</p> <p>Where the Disciplinary Prosecutor of the Chamber has established the existence of reasonable suspicion that the person charged may have committed a violation, he/she made a proposal to the Disciplinary Council about the enforcement of disciplinary proceedings. Where the Disciplinary Prosecutor founded no reasonable suspicion about a violation having been committed, as should provide the grounds for the conduct of disciplinary proceedings, the procedure was stopped. The trial before the Disciplinary Council was opened and conducted by the president of the Disciplinary Council. The rules of procedure about the trial as well as to decision-making in summary criminal proceedings applied as appropriate to the trial before the Disciplinary Council as well as to taking a decision about the proposal.</p> <p>A complaint against the Disciplinary Council's decision was filed by the defendant and the Disciplinary Prosecutor respectively, within the period of fifteen days following their receipt of the written decision. The complaint was submitted to the Administrative Court.</p> <p>All administrative tasks related to initiating and conducting I&D performed CAC's professional staff.</p> <p>A final decision on an ordered disciplinary measure entered in an appropriate register holding the name of the registered member who has been subjected to the measure. The penalties of reminder or reprimand was erased from the appropriate CAC's registries after the expiry of twelve months from its being entered in it, a fine after the expiry of eighteen months, and the penalty of suspension (temporary withdrawal) of one's operating license after the expiry of the period of three years.</p> <p>Since 2011 CAC Disciplinary Council considered and finished around 20 cases per one year. All final decisions regarding disciplinary process are published on the CAC's website. The legally effective sentence which was imposed on a particular audit firm or certified auditor is recorded in the register and it is publicly available.</p> <p>In regard with the provision of the Article 122 paragraph 4 of the new Audit Law, CAC has finished all I&D procedures that were initiated on the base of the previous Audit Law.</p>					
<p><i>Further Development of I&D process</i></p>					
81.	May 2010	Introduction of I&D mechanism to CAC's members and build members awareness of the existing I&D process.	December 2010 Completed	CAC GB – Committee for Complaints and Disciplinary Council	CAC employees during IARs
82.	September 2010	Commence I&D process. Begin implementation of sanctions process. Presently this activity is in process. The first disciplinary actions undertaken and processed	September 2011 Completed	CAC GB – Committee for Complaints and Disciplinary Council	CAC employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
		through Disciplinary Council and Courts, where relevant.			
83.	Ongoing	Commence I&D process under the provisions of CAC Statute as an abbreviated criminal trial.	Ongoing As needed every 4 months Completed	Committee for Complaints and Disciplinary Council	CAC General Secretary
84.	April 2011	Monitor of I&D system to ensure it is operating effectively and in compliance with key requirements of SMO 6.	Ongoing Completed	CAC GB – Committee for Complaints and Disciplinary Council	CAC employees
85.	February 2013	Review the revised SMO 6, reflect on current system and identify any areas of departure from CAC current system of I&D to new requirements of SMO 6. In the Republic of Croatia is expected enactment and adoption (June 2016) of amendments to the Audit Act and preparing the conditions for the application of the EU Regulation regarding PIEs. In this regard, further regulation of I&D system in the sense of SMO6 proposals is following.	November 2013 Completed October 2017 Completed	CAC GB – Committee for Complaints and Disciplinary Council	CAC employees
86.	February 2013	Undertake activities to further alignment of CAC I&D system with SMO 6. CAC develops the criteria for proportionality in imposing disciplinary sanctions.	November 2013 Completed	CAC GB – Committee for Complaints and Disciplinary Council	CAC employees
87.	October 2012	Provide recommended actions which might be taken to enhance alignment of I&D process of CAC with SMO 6. <ul style="list-style-type: none"> • This action has been delayed slightly to allow for completion of activities of the first cycle of I&D proceedings and to coincide with the appointment of a new Disciplinary Council. In the Republic of Croatia is expected enactment and adoption (June 2016) of amendments to the Audit Law and preparing the conditions for the application of the EU Regulation regarding PIEs. In this regard, further regulation of I&D system in the sense of SMO 6 proposals is following.	November 2013 Completed October 2017 Completed	CAC GB – Committee for Complaints and Disciplinary Council	CAC employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
88.	Ongoing	Conducting disciplinary proceedings in addition to the findings of QA reviews.	Ongoing Completed	Committee for Complaints and Disciplinary Council	CAC General Secretary
89.	Ongoing	Follow up of disciplinary procedures and imposed disciplinary measures and their impact on strengthening confidence in the oversight and regulation of auditors, or alternatively, focus attention on areas where improvement is needed.	Ongoing Completed	CAC GB – Committee for Complaints and Disciplinary Council	CAC employees
90.	November 2018	Preparation for the election and appointment of a members of the Court of Honor on the Assembly.	December 2018 Completed	CAC GB, Assembly	CAC General Secretary
91.	March 2019	Adoption of the Court of Honor's rules of procedure	April 2019	Court of Honor, CAC GB	CAC General Secretary
<i>Maintaining Ongoing Processes</i>					
92.	Ongoing	Continue to use best endeavours to ensure CAC's investigation and disciplinary mechanism continues to address all SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	CAC GB	CAC employees
93.	Ongoing (after the MoF's I&D system begins to operate)	Encourage and assist the MoF's, if it would be acceptable form them, to implement and follow SMO 6 requirements			
<i>Review of CAC's Compliance Information</i>					
94.	Ongoing	Perform periodic review and update sections relevant to SMO 6 as necessary.	Ongoing Completed	CAC GB – Committee for Complaints and Disciplinary Council	CAC employees

Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
Scope of the System				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	By the Audit Law and the CAC's Statute the I&D has been operational only for the audit profession.
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Initiation of Proceedings				
3. Both a "complaints-based" and an "information-based" approach are adopted.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. Link with the results of QA reviews has been established.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	CAC established that link in the period when CAC had direct responsibility for the QA system and I&D; MoF established a link with the results of QA reviews.
Investigative Process				
5. A committee or similar body exists for performing investigations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Ministry of Finance (through the supervision and QA review)
6. Members of a committee are independent of the subject of the investigation and other related parties.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Disciplinary Process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Ministry of Finance (through the supervision and QA review)
8. Members of the committee/entity include professional accountants as well as non-accountants.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The Administrative Court does not include the professional accountants.

Requirements	Y	N	Partially	Comments
				The members of the Court of Honor are certified auditors (with different formal qualification).
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sanctions 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Administrative Court will consider about penalties that were imposed by MoF (Article 94 paragraph 1 of the Audit Law) Within the scope of the authority the CAC Court of Honor imposes a penalty such as defined by Article 41 of the Statute (warning or public warning for publication on the CAC's website).
Rights of Representation and Appeal 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Higher Administrative Court (MoF) Governing Board (Court of Honor).
Administrative Processes 12. Timeframe targets for disposal of all cases are set.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Law on General Administrative Procedure.
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
14. Records of investigations and disciplinary processes are established.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Public Interest Considerations 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Requirements	Y	N	Partially	Comments
16. A process for the independent review of complaints on which there was no follow-up established.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
17. The results of the investigative and disciplinary proceedings are made available to the public.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Liaison with Outside Bodies				
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Regular Review of Implementation and Effectiveness				
19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Use best endeavours to maintain and improve an ongoing program for adoption & implementation of IFRS

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>The accounting framework in the Republic of Croatia is driven by the EU Fourth and Seventh Directive and new Directive 2013/34 and the EU Commission Regulation 2002/1606 on International Financial Reporting Standards (IFRSs). Before the accession of the Republic of Croatia to the EU, large enterprises have the obligation to apply IFRSs. After the accession of the Republic of Croatia to the EU (from 1 July 2013), the obligation of all large, listed enterprises, and financial institutions is to apply IFRSs in separate and consolidated financial statements adopted by the European Commission (EC) and published in the Official Journal of the EU. The Financial Reporting Standards Board of the MoF (FRSB) is responsible for setting of the national financial reporting standards.</p> <p>The new Accounting Law is adopted in July 2015 (with subsequent changes and amendments) in which, among others, are new: the definition of PIEs, the definition of groups of entrepreneurs and the definition of micro entrepreneurs. The definition of PIEs includes all large entrepreneurs, listed companies, companies of specific national interest, credit institutions, insurance and reinsurance companies, pension funds, leasing companies, and investment funds. All these subjects have to apply IFRSs. Other companies have to apply national accounting standards issued by the Financial Reporting Standards Board (FRSB) of the Ministry of Finance. IFRS for SMEs have not been adopted.</p>					
<i>Continue to improve IFRS implementation</i>					
95.	Ongoing	<ul style="list-style-type: none"> Continue in an active participation in the meetings with the MoF and FRSB, such as CAC held consultation and working meetings at the invitation of the MoF and FRSB regarding changes to 4th and 7th EU Directive, EU Directive 2013/34 and preparatory work for changes/adjustments of national accounting legislation; CAC organized round tables and workshops on the application of the special national law that defines financial performance of undertakings; CAC organized the conference of the auditors and accountants on current topics; CAC participated in various discussion held on IFRSs. 	Ongoing	CAC GB	CAC GB
96.	Ongoing	<p>Provide comments on the proposed changes in the accounting legislation:</p> <ul style="list-style-type: none"> According with dynamic of changes of the relevant EU Directives and MoF planned activities, CAC attended the initial meeting which was organized by MoF in January 2013 on this subject; 	December 2014 to December 2015 Completed	CAC GB	CAC's employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<ul style="list-style-type: none"> Participation in the work of MoF expert group on preparing new Accounting Law according to new Accounting EU Directive of 2013; Participation as PAO with proposals of audit profession on preparing new Audit Law according to new EU Audit Directive of 2014 and Regulation 537/2014. 	April 2016 to October 2017 Completed		
97.	Ongoing	Assist and support for CAC members with technical tools regarding public disclosure of audited financial statements. <ul style="list-style-type: none"> Since 2010, CAC provides guidance to auditors as professional assistance in the application of the Accounting Law and other regulations regarding FS. These guides are available on the CAC website. 	Ongoing	CAC GB	CAC's employees
98.	Ongoing	Continue in the co-operation with the MoF and FRSB in the preparation of the effect studies of the implementation of standards and interpretations for the use in the EU and in inclusion the IFRS in the curricula of the CPD. CAC expects activities in this area during the period of preparing the proposals for changes of the Accounting Law (of course, with the involvement of financial and tax experts).	Ongoing (As needed) Completed	CAC GB	Practitioners (CAC members) and CAC employees
<i>Maintaining Ongoing Processes</i>					
99.	Ongoing	Continue to identify opportunities to further assist in implementation of IFRSs. This includes review of the existing activities and preparation of the Action Plan for future activities where necessary.	Ongoing	CAC GB – Committee for standards on auditing, quality control and ethics	CAC's employees
<i>Review of CAC's Compliance Information</i>					
100.	Ongoing	Perform periodic review and update sections relevant to SMO 7 as necessary.	Ongoing	CAC GB – Committee	CAC's employees