

Response to the IFAC Part 2, SMO Self-Assessment Questionnaire

Member Name: Croatian Association of Accountants and Financial Experts

Country: Croatia

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Number	Question Title/Text/Help text	Answer	Comments
IFAC Part 2 SMO Self-Assessment			
1.	SMO 1		
1.1.	Quality Assurance Program		
1.1.1.	<i>Quality Assurance Review Program</i> In your jurisdiction is there a mandatory quality assurance review program in place for members of your organization performing audits of financial statements of listed companies?	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	
1.1.2.	<i>Quality Assurance Review Program Follow Up</i> What plans do you have for developing and implementing a quality assurance review program, or if you do not have those plans, what special reasons or conditions for that fact exist?	Members of our Association are persons from accounting and financial branch. If any of them provide audit of financial statements they are also member of Croatian Chamber of Audit. CCA is responsible for developing of	

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		quality assurance review program.	
2.	SMO 2		
2.1.	<i>MB Membership Requirements</i> Which of the following are required for individuals to be admitted as members in your organization? Select all the options that are appropriate.	<p>1 <input type="checkbox"/> Complete a program of professional accountancy education</p> <p>2 <input type="checkbox"/> Complete a practical experience requirement</p> <p>3 <input type="checkbox"/> Complete a final assessment of the individual's professional capabilities and competencies</p> <p>4 <input checked="" type="checkbox"/> None of the above</p>	
2.2.	<i>Continuous Professional Development</i> Is there a requirement for your members to develop and maintain competence through continuous professional development (CPD)?	<p>1 <input type="radio"/> Yes</p> <p>2 <input checked="" type="radio"/> No</p>	Association organize trainee course annually similar to CPD for individuals but attendance is not obliged for members.
2.3.	Professional Accountancy Education		
2.3.4.	<i>Prof Accountancy Education Follow Up</i> Please describe what does your organization require in terms of professional accountancy education for your members?	Association does not require any level of professional education for members because Law on accounting is liberal and does not require any condition to be fulfilled	

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			to work in accounting branch.
2.4.	Final Assessment Follow Up		
2.4.1.	<i>Final Assessment Approach Follow Up</i> Since your organization does not require completion of a final assessment, please describe how your organization assesses whether an individual has the required professional capabilities and competencies.		Association does not qualify professional capabilities and competencies of individuals.
2.4.2.	<i>Plans for Final Assessment</i> Are there plans to introduce a final assessment of professional capabilities and competence?	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	
2.4.4.	<i>Plans for Final Assessment Follow Up</i> Please explain why there is no plan to introduce a final assessment of professional capabilities and competence.		It is not required by Law on Accounting.
2.5.	Practical Experience Follow Up		
2.5.1.	<i>Plans for Practical Experience</i> Are there plans to introduce a practical experience requirement?	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	
2.5.3.	<i>Practical Experience Plans Follow Up</i> Please explain why there is no plan to introduce a practical experience requirement.		It is not required by Law on Accounting

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2.6.	Continuous Professional Development Follow Up		
2.6.1.	<i>Plans to Develop CPD</i> Are there plans to introduce continuous professional development requirements?	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	
2.6.3.	<i>CPD Plans Follow Up</i> Please explain why there is no plan to introduce continuous professional development requirement.		It is up to individuals whether they want further continuously professional development or not. Law on Accounting does not proscribe level of education of accountants
2.15.	<i>Activities to Promote IESs SMO 2</i> Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements issued by IFAC's International Accounting Education Standards Board.		Association does not undertake activates specifically regarding IAES.
3.	SMO 3		
3.1.	<i>Auditing Standards in Law/Regulation</i> Does law or regulation establish the set of auditing standards to be used in the audit of private sector listed entities and non-listed entities? Select all the answer options that are appropriate. Where the law / regulation establishes the	1 <input checked="" type="checkbox"/> Yes for audits of listed entities	

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	<p>auditing standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 3.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to a national standard-setter to establish the auditing standards, please respond "no". Section 3.2. of this module includes questions about the standard-setter and the auditing standards that are established.</p>	<p>2 <input checked="" type="checkbox"/> Yes for audits of non-listed entities</p> <p>3 <input type="checkbox"/> No for audits of listed entities</p> <p>4 <input type="checkbox"/> No for audits of non-listed entities</p>	
3.8.	Law/Reg and Auditing Standards		
3.8.1.	<p><i>Law/Reg Auditing Standards - Private Sector</i></p> <p>Is there only one set of auditing standards or are the auditing standards applicable to listed entities different from non-listed entities?</p>	<p>1 <input checked="" type="radio"/> The auditing standards for listed entities and non-listed entities are the same set of standards</p> <p>2 <input type="radio"/> The auditing standards for listed entities and non-listed entities are not the same set of standards</p>	

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3.8.2.	<p><i>Auditing Standards for Private Sector</i> Does the law/regulation require the use of IAASB pronouncements? Select the answer option that is most appropriate.</p>	<p>1 <input checked="" type="radio"/> The law/regulation simply refers to IAASB pronouncements as the auditing standards (without bringing in the full or partial text of individual IAASB pronouncements)</p> <p>2 <input type="radio"/> The law/regulation contains the full text of each IAASB pronouncement</p> <p>3 <input type="radio"/> The law/regulation contains the basic principles and essential procedures of the IAASB pronouncement</p> <p>4 <input type="radio"/> The law / regulation has a requirement to use IAASB pronouncements using another approach (please describe)</p> <p>5 <input type="radio"/> The law / regulation requires the use of national standards with no reference to IAASB pronouncements</p>	
3.8.9.	<p><i>MB Responsibilities and IAASB SMO 3</i> Does your organization have responsibility for any of the following activities? Select all the answer options that are appropriate.</p>	<p>1 <input type="checkbox"/> Develop other authoritative pronouncements</p> <p>2 <input type="checkbox"/> Promulgate the IAASB pronouncements established</p>	

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		by law / regulation (e.g. by publishing or communicating the standards to the public) 3 <input type="checkbox"/> Other (please describe) 4 <input checked="" type="checkbox"/> None of the above	
3.8.12.	<i>Other Organization Responsibilities SMO 3</i> Do any of the following organizations have responsibility for developing or implementing the auditing standards established in law / regulation?	1 <input type="radio"/> Another IFAC member body(ies) 2 <input type="radio"/> Government or regulatory body 3 <input type="radio"/> Non-IFAC professional body 4 <input checked="" type="radio"/> Other organization	Croatian Chamber of Auditors www.revizorska-komora.hr
3.9.	Law / Reg and MB Responsibilities SMO 3		
3.9.1.	<i>Incorporation into Law/Reg SMO 3</i> Is information publicly available about the IAASB pronouncements that have been established into law/regulation, including: The IAASB pronouncements that have been established into law / regulation; Whether the IAASB pronouncement established into law / regulation is the version in effect as at September 30, 2005; The effective date set by law / regulation where it differs from the IAASB pronouncement; The differences between the IAASB	1 <input checked="" type="radio"/> Yes	

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	<p>pronouncement and what was established into law / regulation; and The reasons for the differences?</p>	<p>2○ No</p>	
<p>3.9.2.</p>	<p><i>Incorporation Description - Law/Reg SMO 3</i> If information about IAASB pronouncements that have been established into law / regulation is available in English, indicate this in your response and submit a copy of the information to Compliance Staff.</p> <p>If this information is not available, refer to the SMO 3 Comparison with IAASB Pronouncements.doc>SMO 3: Comparison with IAASB Pronouncements report by clicking on the link and complete it to the extent your organization is able to and submit it in Word format to Compliance Staff.</p> <p>Indicate whether your organization will be submitting available information or the "SMO 3: Comparison with IAASB Pronouncements" report.</p>	<p>1○ Yes, information is available and in English and will be submitted to Compliance Staff</p> <p>2○ No, information is not available; however our organization or jointly with another IFAC member /</p>	

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		<p>associate will complete the "SMO 3: Comparison with IAASB Pronouncements" report and submit it to Compliance Staff</p> <p>3⊙ No, information is not available</p>	
3.10.	Translation SMO 3		
3.10.1.	<p><i>Translation of IAASB Pronouncements</i></p> <p>Are the IAASB pronouncements translated into a national language?</p>	<p>1⊙ No as English is the national language or a widely spoken language</p> <p>2⊙ Yes, the IAASB pronouncements are translated</p> <p>3⊙ No and English is not an official language or is not widely spoken</p>	Croatian Chamber of Auditors is responsible for translation and publishing of IAAS.
3.10.6.	<p><i>Translation Follow Up SMO 3</i></p> <p>Explain why IAASB pronouncements are not translated (include information about specific impediments and challenges).</p>	Croatian Chamber of Auditors was established earlier this year and it is in process of establishing its functional bodies as well as body which could coordinate translation.	
3.11.	<p><i>Activities to Promote IAASB Pronouncements</i></p> <p>Please describe the activities your organization undertakes to promote and</p>	Association organize symposia of internal auditors annually (Section	

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	assist in the implementation of IAASB pronouncements and other IAASB activities.	of internal audit), certified trainee course of domestic internal auditors. In magazine "Racunovodstvo i financije" (Accountancy and finance) there were published articles from audit field.	
4.	SMO 4		
4.1.	Responsibility and National Ethical Requirements		
4.1.1.	<p><i>IFAC MB and Ethical Requirements</i> Does your organization establish ethical requirements (e.g. code of ethics, code of conduct, ethics rules, member regulations, etc.) to be complied with by your members?</p> <p>Help text: In some countries, ethical requirements may be established on a regional, provincial, or state basis. Where this is the case in your country for the ethical requirements that apply to your members, please contact Compliance Staff for further instruction.</p>	<p>1 <input type="radio"/> Yes, our organization does establish ethical requirements</p> <p>2 <input checked="" type="radio"/> No, our organization does not establish ethical requirements</p>	
4.1.4.	<p><i>Ethical Requirements for Members</i> In responding in question 4.1.1 that your organization does not establish ethical requirements, is this because ethical requirements to be complied with by your members are established by one or more of</p>	<p>1 <input type="checkbox"/> Ethical requirements established by another IFAC member body</p>	

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	the following? Select all the answer options that are appropriate.	<p>2 <input type="checkbox"/> Ethical requirements established in law or regulation</p> <p>3 <input type="checkbox"/> Ethical requirements established by another professional body</p> <p>4 <input type="checkbox"/> Other (please describe)</p> <p>5 <input checked="" type="checkbox"/> None of the above</p>	
4.1.7.	<i>Follow Up - Establish Ethics Requirements</i> Please describe the reasons why ethical requirements have not been developed and implemented in your country.	Ethical requirements are not proscribed by any law.	
4.15.	<i>Activities to Promote IFAC Code of Ethics</i> Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements (e.g. IFAC Code of Ethics) and work of IFAC's International Ethics Standards Board for Accountants.	There is no such activity.	
5.	SMO 5		
5.1.	<i>Public Sector Accounting Standards - Objective</i> Has the federal government / national government established convergence with International Public Sector Accounting Standards (IPSASs) as an objective?	1 <input type="radio"/> Yes	

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		<input checked="" type="radio"/> No <input type="radio"/> Information is not available or not known	
5.2.	IPSASs Convergence Follow Up		
5.2.1.	<i>Public Sector Accounting Standards - Cash/Accrual</i> Do the national public sector accounting standards require financial statements to be prepared on a cash basis or accrual basis?	<input type="radio"/> Cash <input type="radio"/> Accrual <input checked="" type="radio"/> Both cash and accrual are permitted	Financial statements of public sector entities are prepared on modified accrual basis. In our case that means revenues are recognized at the moment of money receipt and expenditures are recognize at the moment of invoice is received.
5.2.2.	<i>Convergence Plans Follow Up SMO 5</i> Does the government have plans to converge national public sector accounting standards with IPSASs?	<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> Information is not available or not known	
5.4.	<i>Activities to Promote IPSASB Pronouncements</i> Please describe the activities your organization undertakes to promote pronouncements issued by the International	CAAFE organize educational seminars, symposiums and courses for individuals which are working	

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	Public Sector Accounting Standards Board. Please provide an explanation where such activities have not been undertaken because they are not within the scope of your organization's objectives or work program.	in accountants' capacity in the public sector entities. Also, our advisors consult by phone, email and fax daily. Association is publishing magazine "Riznica"(Treasury) which is specialized for public sector entities and non-profit organizations.	
6.	SMO 6		
6.1.	<i>Investigation and Discipline Program</i> In your jurisdiction is there a program for investigating and disciplining members of your organization for misconduct, including breaches of professional standards and rules?	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	
6.2.	<i>Investigation and Discipline Follow Up</i> What plans do you have for developing and implementing an investigation and disciplinary program, or if you do not have those plans, what special reasons or conditions for that fact exist?	Association did not establish such as kind of control body which would develop and implement an investigation and disciplinary program.	
7.	SMO 7		
7.1.	<i>Accounting Standards in Law/Regulation</i> Does law or regulation establish the set of accounting standards to be used for preparation of financial statements of private	1 <input checked="" type="checkbox"/> Yes, for financial statements of listed entities	Based on regulations of Law on accounting from Jan 2006 private sector entities are

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	<p>sector listed entities and non-listed entities? Select all the answer options that are appropriate.</p> <p>Where the law / regulation establishes the accounting standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 7.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to a national standard-setter to establish the accounting standards, please respond "no". Section 7.2. of this module includes questions about the standard-setter and the accounting standards that are established.</p>	<p>2 <input checked="" type="checkbox"/> Yes, for financial statements of non-listed entities</p> <p>3 <input type="checkbox"/> No, for financial statements of listed entities</p> <p>4 <input type="checkbox"/> No, for financial statements of non-listed entities</p>	<p>obliged to use published translation of IFRS/IAS 2004 and Nation Board of IFRS will in near future prepare National Accounting Standards for private sector entities which decide not to use IFRS/IAS 2004 and it would be shorted version of IFRS/IAS 2004. In this transition period those private sector entities which refused to use IFRS/IAS 2004 are obliged to use IAS 2000.</p>
7.8.	Law/Reg and Accounting Standards		
7.8.1.	<p><i>Law/Reg Accounting Standards - Private Sector</i></p> <p>Is there only one group of accounting standards or are the accounting standards</p>	<p>1 <input checked="" type="radio"/> The accounting standards for listed entities and non-listed</p>	<p>Listed entities are obliged to use IFRS/IAS 2004. Non-</p>

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	applicable to listed entities different from non-listed entities?	entities are the same set of standards	<p>listed entities are obliged to use IFRS/IAS 2004 if they fulfill certain conditions:</p> <ul style="list-style-type: none"> - if they fulfill 2 of 3 next condition: <p>Total assets > 108m kunas (\$18.75m) at the reporting date of previous financial period</p> <p>Total revenues > 216m kunas (\$37.5m) at the reporting date of previous financial period</p> <p>Number of employees > 250</p>
		<p>2○ The accounting standards for listed entities and non-listed entities are not the same set of standards</p>	
7.8.2.	<p><i>Accounting Standards for Private Sector</i></p> <p>Does the law/regulation require the use of International Financial Reporting Standards and other pronouncements issued by the International Accounting Standards Board? Select the answer option that is most appropriate.</p>	<p>1○ The law/regulation simply refers to International Financial Reporting Standards as the accounting standards (without bringing in the full or partial text of individual IFRSs)</p> <p>2⊙ The law/regulation contains the full text of each IFRS</p> <p>3○ The law/regulation contains the main principles of the IFRSs</p>	Translated IFRS/IAS 2004 were published in National Gazzete.

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		<p>4 <input type="radio"/> The law / regulation has a requirement to use IFRSs using another approach (please describe)</p> <p>5 <input type="radio"/> The law / regulation requires the use of national standards with no reference to IFRSs</p>	
7.8.9.	<p><i>MB Responsibilities and IASB SMO 7</i></p> <p>Does your organization have responsibility for any of the following activities? Select all the answer options that are appropriate.</p>	<p>1 <input type="checkbox"/> Develop other authoritative pronouncements</p> <p>2 <input checked="" type="checkbox"/> Promulgate the IFRSs established by law / regulation (e.g. by publishing or communicating the standards to the public)</p> <p>3 <input type="checkbox"/> Other (please describe)</p> <p>4 <input type="checkbox"/> None of the above</p>	Association organized translation and publishing of IFRS/IAS 2004
7.8.11.	<p><i>Describe Activities and Law/Reg SMO 7</i></p> <p>Describe your organization's activities for promulgating and / or implementing the standards.</p>	Association organized translation and publishing of IFRS/IAS 2004	
7.9.	Law/Reg and IASB Pronouncements		
7.9.1.	<p><i>Incorporation into Law/Reg SMO 7</i></p> <p>Is information publicly available about IFRSs and other IASB pronouncements that have been established into law/regulation, including:</p>	1 <input checked="" type="radio"/> Yes	

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	<p>IFRSs and other IASB pronouncements that have been established into law / regulation; Whether the IFRS or IASB pronouncement established into law / regulation is the version in effect as at September 30, 2005; The effective date set by law / regulation where it differs from the IFRS or IASB pronouncement; The differences between IFRSs and IASB pronouncements and what was established into law / regulation; and The reasons for the differences?</p>	20 No	
7.9.2.	<p><i>Incorporation Description - Law/Reg SMO 7</i></p> <p>If the information about the status of IFRSs and other IASB pronouncements that have been established into law is available in English, indicate this in your response and submit a copy of the information to Compliance Staff.</p> <p>If this information is not available, complete the SMO 7: Comparison with IASB Pronouncements report and submit it in Word format to Compliance Staff.</p> <p>Indicate whether your organization will be</p>	10	Yes, information is available and in English and will be submitted to Compliance Staff

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	submitting available information or the "SMO 7: Comparison with IASB Pronouncements" report.	<p>2○ No, information is not available; however our organization or jointly with another IFAC member / associate will complete the "SMO 7: Comparison with IASB Pronouncements" and submit it to Compliance Staff</p> <p>3○ No, information is not available</p>	
7.10.	Translation SMO 7		
7.10.1.	<i>Translation of IFRSs</i> Are the IFRSs and other IASB pronouncements translated into national language?	<p>1○ No, as English is an official language or widely spoken language</p> <p>2⊙ Yes, the IFRSs are translated</p> <p>3○ No and English is not an official language or is not widely spoken</p>	
7.10.4.	<i>Translation coordinator SMO 7</i> Who is the translation coordinator? Select the answer option that is most appropriate.	<p>1⊙ Our organization is the translation coordinator</p> <p>2○ The government or another organization is the translation coordinator</p> <p>3○ Our organization and the government or another</p>	

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			organization are the translation coordinators
7.10.5.	<i>Key Terms SMO 7</i> Does the translation process include a list of key terms?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
7.10.6.	<i>Faithful Translation SMO 7</i> What processes are in place to ensure a faithful translation of the IFRSs?		Official translation was provided by employees of Big Four audit companies.
7.11.	<i>Promotion Activities SMO 7</i> Please describe the activities your organization undertakes to promote and assist in the implementation of IFRSs and other IASB pronouncements and activities.		Association is organising educational seminar, symposia and trainee courses for individuals. Advisors consult by phone, mail and fax. In monthly magazine "Racunovodstvo i financije" (Accountancy and Finance) there were publish articles about implementation of IFRS. Also, Association published book manual of accounting and financial reporting under IFRS.
8.	Certification of Chief Executive		
8.1.	<i>Complete Certification</i> Once all required questions have been completed, the Certification of Chief Executive should be signed and submitted to	1 <input checked="" type="checkbox"/> Yes, the Certification of Chief Executive has been submitted	

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	Compliance Staff. Click Part 2 SMO Self Assessment Certification.doc to download a copy of the Certification form.	2□	