

BACKGROUND NOTE ON ACTION PLANS

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). 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.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where improvements are needed. Based on the results of the assessment, Members and Associates develop an SMO Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

SMO Action Plans are designed to be ever-green documents that provide a comprehensive description of the accountancy profession and its legislative and regulatory environment in the jurisdiction as well as the actions undertaken by IFAC Members or Associates to support adoption and implementation of international standards and best practices.

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 Compliance Program website.

ACTION PLAN

IFAC Member:	Croatian Association of Accountants and Financial Experts (CAAFE)
Approved by Governing Body:	Board of Croatian Association of Accountants and Financial Experts
Original Publish Date:	July 2010
Last Update:	September 2016
Next Update:	September 2017

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 effect 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.

GLOSSARY

APOC	Audit Public Oversight Committee
CAAFE	Croatian Association of Accountants and Financial Experts
CAC	Croatian Audit Chamber
CPD	Continuing Professional Development
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
IES	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
QA	Quality Assurance
SME	Small and Medium Enterprises
SMO	Statement of Membership Obligations

COVER NOTE

The Revised Statements of Membership Obligations (SMOs) have been ratified by the IFAC Council in November 2012. With the exception of SMO 1, Quality Assurance the effective date for the revised SMOs is January 1, 2013. SMO 1 has an extended effective date, January 1, 2014. In 2013 / 2014, CAAFE will undertake a reflection on the revised Statements of Membership Obligations (SMOs) for the purpose of acquainting itself with the key aspects of these requirements and will seek to understand where (if any) current gaps between revised SMOs and CAAFE systems exist.

The new Accounting act is in force since 1 January 2016. The new Accounting Act (Official Gazette 78/15) requires from entities that provide accounting services for other legal or natural persons to be licensed to perform such activities on the basis of a special law. This provision shall take effect from 1 January 2018, so by that time Croatia should adopt a special regulation (law) that will prescribe in detail the manner, conditions and other details about the licensing of Accounting Services. The new legislation also requires the application of a unified chart of accounts which was not required by previous Accounting Act.

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Work with the Croatian Audit Chamber (CAC) to Examine the Current System of Quality Assurance and Compare to the International Federation of Accountants (IFAC) SMO 1 to Identify Areas of Weakness, Gaps in Compliance and Potential for Improvement

Background:

The Croatian Association of Accountants and Financial Experts (CAAFE) operates as a voluntary body for those interested in accountancy (both private and public sector). The Croatian Audit Chamber (CAC) is the organization responsible for establishing a Quality Assurance (QA) review system in Croatia. The Croatian system of Quality Assurance has been developed as the Audit Public Oversight Committee (APOC) is in the process of developing and establishing its remit and as the CAC and CAAFE work together to determine their roles and responsibilities in regards to QA.

According to the CAC’s Action Plan, the QA review system started being developed in 2010. In 2010, the CAC prepared an initial information gathering exercise and conducted initial assessment reviews (IARs) based on this information. After the completion of IARs of all audit firms and detailed analysis of IAR findings, in 2011 the CAC began full monitoring visits. The CAC QA review system is established and organized in accordance with the Audit Act, the CAC Statute, the Internal Act on supervision and QA reviews, and the QA Methodology. The QA plan and program is adopted by CAC Governing Board (CAC GB) on a yearly basis with approval of the APOC. The CAC QA review system and QA activities are subject to review by the APOC.

CAAFE contributed to the initial development of the QA review system and continues to support CAC with its implementation. In 2014 and 2015, CAAFE held a number of meetings with CAC to discuss QA-related issues and conducted seminars on QA.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Support CAC in the Implementation of the QA Review System</i>					
1.	June 2010	Contact CAC to set up a meeting for discussing the development of a QA review system for the Croatian Profession.	Completed 2010	Vice President covers audit profession	Vice President covers audit profession
2.	August 2010	Work with the CAC to understand the status of the existing QA review system and the role of the CAC and how CAAFE can support the CAC in the development of a QA review system.	Completed 2010	Vice President covers audit profession	Vice President covers audit profession with assistance from the Croatian Chamber of Auditors and the Croatian Public Oversight Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
3.	November 2011	<p>Continue communication and working relationship with CAC to identify, on an ongoing basis, where CAAFE efforts may continue to support the implementation of the QA review system in Croatia.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE held meetings with the CAC in hotel Westin in December 2011. • CAAFE held meetings with the CAC in hotel Antunovic in December 2012. • CAAFE discussed with the CAC the following topics: Ethics, Quality Assurance, Quality Assessment, and Auditing. • Related to those meetings, CAAFE holds seminars related to Quality Assurance. <p>In December 2013, CAAFE held mutual conference with CAC at hotel Antunovic in Zagreb. The objective of this meeting was harmonization of Croatian rules with EU requirements and directives.</p> <p>In 2014 and 2015, CAAFE held mutual conference with CAC at hotel Antunovic in Zagreb. The objective of those meetings was harmonization of Croatian rules with EU requirements and directives. Since the new Auditing Act is expected, which will be in accordance with the requirements of the EU Directive 2014/56/EU and Regulation 537/2014, we discuss about potential changes in Croatian Auditing Act.</p>	Ongoing	Vice President covers audit profession	Vice President covers audit profession with assistance from the Croatian Chamber of Auditors
<i>Supporting CAAFE's Members with Understanding QA Review System and Assisting Them with the Implementation of the Quality Control Standards</i>					
4.	Ongoing	Disseminate information on the results of QA reviews through the website, publications, and training activities.	Ongoing		
5.	Ongoing	Conduct trainings on quality control standards.	Ongoing		
<i>Review of CAAFE's Compliance Information</i>					
6.	May 2010	Perform periodic review of CAAFE's SMO Action Plan and update sections relevant to revised SMO 1 as necessary.	Ongoing	Vice President covers audit profession	Vice President covers audit profession, Standards Committee, Deputy President and CAAFE Office staff

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
Action Plan Objective: Continue to Support Adoption and Implementations of IESs

Background:

Presently CAAFE does not maintain a system for professional accounting education and certification. CAAFE is an independent professional association of accountants and financial professionals, auditors, internal auditors, accounting experts, financial analysts, assessors, and other professional associations. Members of CAAFE are: 35 territorial associations and four expert organizations: Croatian association of accounting experts ,Croatian Association of auditors, the Croatian Association of Financial Analysts and Croatian Association of assessors. CAAFE has a Section of Internal Auditors. In all these organizations participate around 20,000 accountants, financial professionals and auditors.

In Croatia, university graduates are able to practice as accountants without professional education or certification. In order to correct this situation, CAAFE has been working with the CAC to develop a system of professional education and certification in-line with IFAC SMO 2 and International Education Standards (IESs). This review has included the utilization of a ‘walkthrough’ of the system of professional accountancy education in Croatia starting at the point of ‘university graduation’ and following the process of professional education and certification of an accountant in Croatia until the point of ‘Continuous Professional Development.’ The next step for this joint effort will be to compare the current system in-place in Croatia to the IESs benchmark to identify gaps in compliance and potential solutions for closing this gap.

As of 2014, CAAFE keeps working on developing professional accounting education and certification but those activities were delayed because of current harmonization processes with EU Directives and other EU regulations. In addition, the new Accounting Act (Official Gazette 78/15) requires from entities that provide accounting services for other legal or natural persons to be licensed to perform such activities on the basis of a special law. This provision shall take effect from 1 January 2018, so by that time Croatia should adopt a special regulation (law) that will prescribe in detail the manner, conditions and other details about the licensing of Accounting Services.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Adoption and Implementations of IESs</i>					
7.	May 2010	Translation of IESs 1-8 into Croatian, in accordance with IFAC Translation Policy.	Completed 2010	Education Committee, Membership Committee, Deputy President	Education Committee, Membership Committee, Deputy President, Technical Assistant

#	Start Date	Actions	Completion Date	Responsibility	Resource
8.	September 2010	Conduct a 'walkthrough' of the system of professional accountancy education in Croatia starting at the point of 'university graduation' and following the process of professional education and certification of an accountant in Croatia until the point of 'Continuous Professional Development.'	Completed 2011	Membership Committee, Education Committee	Membership Committee, Education Committee, Deputy President, Technical Assistant, CAAFE Office staff and assistance from the Croatian Chamber of Auditors
9.	January 2011	Conduct an analysis which compares the 'walkthrough' of professional accountancy education in Croatia with the IESs issued by the International Accounting Education Standards Board (IAESB) to identify areas of weakness, gaps in compliance and areas for improvement.	December 2013 Delayed Ongoing as of 2014 Ongoing	Membership Committee, Education Committee	Membership Committee, Education Committee, Deputy President, Technical Assistant, CAAFE Office staff, and assistance from the Croatian Chamber of Auditors
10.	June 2012	As a joint working group (CAAFE and CAC), consider possible solutions for eliminating the compliance gap between the current system of accountancy education, certification and CPD and the IESs. We discuss about those solutions on our meetings in 2014 and 2015 in hotel Antunovic.	December 2013 Delayed Ongoing as of 2014 Ongoing	Membership Committee, Education Committee	Membership Committee, Education Committee, Deputy President, Technical Assistant, CAAFE Office staff, and assistance from the Croatian Chamber of Auditors
11.	September 2012	Develop a strategic plan which outlines how CAAFE and CAC may work together to minimize compliance gaps in the Croatian accountancy education, certification and CPD system with IESs. In 2011 / 2012, CAAFE did the following to advance this action: <ul style="list-style-type: none"> • CAAFE held meetings with Chamber of auditors in hotel Westin in December 2011. • CAAFE held meetings with Chamber of auditors in hotel Antunovic in December 2012. • CAAFE discussed with CAC how to minimize compliance gaps in 	Ongoing	Membership Committee, Education Committee	Membership Committee, Education Committee, Deputy President, Technical Assistant, CAAFE Office staff, and assistance from the Croatian Chamber of Auditors

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>the Croatian Accountancy education, certification and CPD system with IESs.</p> <ul style="list-style-type: none"> • CAAFE held meetings with Chamber of auditors in hotel Antunovic in 2014 and 2015. 			
<i>Introducing Practical Experience Requirement</i>					
12.	January 2011	<p>Review and incorporation of IES 5 and guideline "Practical Experience Requirements - Initial Professional Development" into the analysis which compares the 'walkthrough' of professional accountancy education in Croatia with the IFAC IESs to identify areas of weakness, gaps in compliance and areas for improvement.</p> <p>This is especially interested for CAAFE since new Accounting Act requires Accounting Services to be licensed.</p>	<p>December 2013 Delayed Ongoing as of 2014 Ongoing</p>	Education Committee	Education Committee, Deputy President, Technical Assistant
<i>Implementation of Continuing Professional Development (CPD) Requirements</i>					
13.	January 2011	<p>Review and incorporation of IES 7 and International Education Paper 2, "Towards Competent Professional Accountants" into the analysis which compares the 'walkthrough' of professional accountancy education in Croatia with the IFAC IESs to identify areas of weakness, gaps in compliance and areas for improvement.</p>	<p>December 2013 Delayed Ongoing as of 2014 Ongoing</p>	Education Committee	Education Committee, Deputy President, Technical Assistant
14.	2010	<p>Implement CPD Program which includes 120 hours of education (60 hours on up to date International Standards on Auditing (ISAs) implementation and 60 hours of up to date International Financial Reporting Standards (IFRSs) implementation).</p>	Completed 2011	Standards Committee, Education Committee	Standards Committee, Education Committee, Deputy President
<i>Review of CAAFE's Compliance Information</i>					
15.	Ongoing	<p>Perform periodic review of CAAFE's SMO Action Plan and update sections relevant to revised SMO 2 as necessary.</p>	Ongoing	Education Committee, Membership Committee, Deputy President, Technical Assistant	Education Committee, Membership Committee, Deputy President, Technical Assistant

Action Plan Subject: SMO 3–International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Promoting Ongoing Convergence and Assisting with Implementation

Background:

International Standards on Auditing (ISAs) are officially adopted into law in Croatia and are published via the government gazette. This requirement for ISA adoption began in 1992 and is embodied in the country's Audit Act. In April 2010, the Croatian Standards Setting Board (the body responsible for the adoption of ISAs in Croatia) adopted and released via website the most recent version of ISAs translated into the Croatian language (Clarified ISAs). International Standards on Review Engagements (ISREs), International Standards on Assurance Engagements (ISAEs), International Standards on Related Services (ISRSs), and International Standards on Quality Control (ISQCs) have not been adopted for application in Croatia. CAC maintains an ongoing system for consideration of updates of the standards for adoption in the local context.

CAAFE focuses its training activities on IFRSs and local GAAP, but also delivers training on most recent updates of ISAs to university professors and other interested parties. CAAFE courses are structured to give a comprehensive knowledge to the students in a classroom and to teach them about most recent updates in accounting and auditing standards. Most activities related to ISAs are in the scope of CAC.

CAAFE promotes implementation of ISAs in few different ways; through magazine Accounting and Finance, through its courses and through conferences that are held in cooperation with CAC.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promoting Ongoing Convergence and Assisting with Implementation</i>					
16.	May 2010	Develop a training seminar specifically for university professors to assist them in teaching the theory and practical application of the new updates to ISAs in the classroom.	Completed 2012	Standards Committee	Standards Committee, Deputy President
17.	May 2010	<p>Review audit legislation framework regarding adoption, implementation of ISAs.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE organizes symposium in Porec (Adriatic coast) in hotel Histria once every year to discuss problems in accounting and auditing. • Many relevant experts in a field of accounting and auditing present their papers at Symposium. <p>In December 2013 a conference was held in hotel Antunovic – the main focus was the adjustment of national rules with EU directives and regulations and also determination of some steps to improve CAAFE education system.</p>	Ongoing	Standards Committee	Standards Committee, Deputy President

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>In 2014 / 2015, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE organizes symposium in Opatija (Adriatic coast) once every year to discuss problems in accounting and auditing. <p>In 2014 and 2015 a conference was held in hotel Antunovic – the main focus was the adjustment of national accounting and auditing Acts with EU directives and regulations and also determination of some steps to improve CAAFE education system.</p>			
18.	January 2010	<p>Develop a formal 'Task Force' with the CAC to review recently released Exposure Drafts of the IAASB standards and pronouncements and to provide feedback and input into the standard setting process. Please consider providing examples of IAASB Exposure Drafts that CAAFE has provided its comments on.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE held meetings with CAC in hotel Westin in December 2011. • CAAFE held meetings with CAC in hotel Antunovic in December 2012. • CAAFE discussed the standard setting process with CAC. <p>In 2013, CAAFE held meeting with CAC in hotel Antunovic and in office in HZRFD in 2013. Topic of the meeting was education of auditors and CAAFEs' participation in the licensing of auditors. We also discussed the need for continuous education of chartered auditors.</p> <p>In 2014 and 2015 CAAFE held meeting with CAC in hotel Antunovic.</p>	Ongoing	Standards Committee, Chamber of Auditors	Standards Committee, Deputy President, Chamber of Auditors
19.	Ongoing	<p>Continue to promote IAASB pronouncements through various CAAFE sponsored workshops, seminars, conferences which focus on ISA implementation.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE continuously organizes seminars and workshops about ISA implementation in its classrooms. • CAAFE also organizes conference once in a year to discuss practical issues and problems in auditing. <p>In 2013–2014, CAAFE continued to conduct activities mentioned above. In 2014–2015 CAAFE continued to conduct activities mentioned above.</p>	Ongoing	Standards Committee, Education Committee	Standards Committee, Education Committee, Deputy President

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Supporting CAAFE's Members with the Implementation of the Auditing Standards</i>					
20.	Ongoing	<p>Implement plan for CPD which includes 120 hours of education (60 hours on up to date ISA implementation) for all accountancy professionals.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE organizes once in a year 120 hours of education related to ISA implementation. <p>In 2013, CAAFE organized specific CPD courses on ISAs.</p> <p>In 2014–2015, CAAFE organized specific CPD courses on ISAs. Please consider indicating how many courses have been offered.</p>	Ongoing	Standards Committee, Education Committee	Standards Committee, Education Committee, Deputy President
21.	Ongoing	<p>Continue to promote IAASB pronouncements and their implementation through the CAAFE hotline which provides information and guidance on a variety of topics including implementation of ISAs.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE employs several accounting and auditing professionals that work on the hotline every day to help accountants and auditors in practice to resolve their practical issues. <p>In 2013, CAAFE provided information and guidance on a variety of topics including implementation of ISAs.</p> <p>In 2014–2015 CAAFE continued to conduct activities mentioned above.</p>	Ongoing	Standards Committee, Education Committee	Standards Committee, Education Committee, Deputy President
22.	Ongoing	<p>Publication of the magazine “Računovodstvo i financije” (Accounting and Finance) which is targeted to members of CAAFE as well as to other accountancy and finance professionals.</p> <p>Since 2011 / 2012, CAAFE has done the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE publishes the magazine “Accounting and Finance” every month. • This magazine serves to help accountants and auditors in practice to resolve their practical issues. • The topics in this magazine include financial accounting, auditing, tax accounting, wages and salaries, business finance, legislation, 	Ongoing	Standards Committee, Education Committee	Standards Committee, Education Committee, Deputy President

#	Start Date	Actions	Completion Date	Responsibility	Resource
		and international accounting. In 2014–2015 CAAFE continued to conduct activities mentioned above.			
23.	Ongoing	Publications of the textbook “Revizija” (Audit) published in 2007 2nd edition which is used in the 6 main universities in Croatia. Publications of the textbook “Auditing, principles, standards, procedures” published in 2013 3rd edition which is used in the 6 main universities in Croatia. The textbooks cover the requirements of ISAs as well as other conceptual/theoretical issues.	Completed 2012	Standards Committee, Education Committee	Standards Committee, Education Committee, Deputy President
<i>Review of CAAFE's Compliance Information</i>					
24.	Ongoing	Perform periodic review of CAAFE's SMO Action Plan and update sections relevant to revised SMO 3 as necessary.	Ongoing	Standards Committee, Deputy President, Technical Assistant	Standards Committee, Deputy President, Technical Assistant

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Promoting the IESBA Code of Ethics

Background:

CAC is legally responsible for setting ethical standards for the accounting profession, and all professional accountants are required to follow the Code of Ethics. CAC is responsible for update and translation of the IESBA Code of Ethics. The Audit Act requires application of IESBA Code of Ethics. The CAC has translated the 2010 edition of the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics into Croatian and has published it on its website. CAC planned to translate revised IESBA Code of Ethics by April 2016. CAC is discussing those topics on its individual conferences and on conferences organized in cooperation with CAAFE.

CAAFE is not involved in the translation of most recent updates, but it will promote the updated version of the IESBA Code of Ethics when it will be translated by CAC. CAAFE plans to promote the new version of the Code through magazine "Accounting and finance" and through conferences organized by CAAFE. The CAAFE members are not subject to ethical requirements. To ensure proper implementation of the Code of Ethics, CAAFE updated its awareness building and education programs to incorporate modifications and additions to the Code of Ethics.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promoting the IESBA Code of Ethics</i>					
25.	Ongoing	<p>Annual review of the IESBA Code of Ethics by the Professional Ethics and Disciplinary Procedure Committee to identify any new changes and to make sure Croatian Code is up to date.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE held meetings with CAC in hotel Westin in December 2011. • CAAFE held meetings with CAC in hotel Antunovic in December 2012. • CAAFE discussed with CAC the Code of Ethics and its implementation. <p>In December 2013 conference was held in hotel Antunovic. The main focus of this conference was the adjustments of national rules to EU directives and regulations, but other issues, including cooperation with CAC, were discussed.</p> <p>In 2014 and 2015 conference was held in hotel Antunovic. Among other issues, CAAFE discussed with CAC about implementation of Code of Ethics.</p>	Ongoing	Professional Ethics and Disciplinary Procedure Committee, Education Committee	Professional Ethics and Disciplinary Procedure Committee, Education Committee, Deputy President

#	Start Date	Actions	Completion Date	Responsibility	Resource
26.	Ongoing	<p>Raise awareness of any changes to the Code of Ethics to CAC.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE held meetings with CAC in December 2011. • CAAFE held meetings with CAC in hotel Antunovic in December 2012. • CAAFE emphasizes on all meetings with CAC the importance of Code of Ethics. <p>In 2013, CAAFE held meetings with CAC (in hotel Antunovic and in CAAFE office).</p> <p>In 2014 and 2015 CAAFE held meetings with CAC (in hotel Antunovic).</p>	Ongoing	Professional Ethics and Disciplinary Procedure Committee, Education Committee	Professional Ethics and Disciplinary Procedure Committee, Education Committee, Deputy President
<i>Support Its Members or Other Professionals with Understanding and Complying with the Code of Ethics</i>					
27.	Ongoing	CAFFE supports professionals to understand and comply with Code through magazine "Accounting and finance" and on conferences.	Ongoing		
<i>Maintaining Ongoing Processes</i>					
28.	Ongoing	Modify CAAFE awareness building and education programs to ensure their incorporation of new updates to the Code of Ethics.	December 2013 Delayed Ongoing as of 2014 Ongoing	Professional Ethics and Disciplinary Procedure Committee, Education Committee	Professional Ethics and Disciplinary Procedure Committee, Education Committee, Deputy President
<i>Review of CAAFE's Compliance Information</i>					
29.	Ongoing	Perform periodic review of CAAFE's SMO Action Plan and update sections relevant to revised SMO 4 as necessary.	Ongoing	Professional Ethics and Disciplinary Procedure Committee	Professional Ethics and Disciplinary Procedure Committee, Deputy President and Technical Assistant

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Continue to Promote IPSASs

Background:

Croatia does not currently require the use of IPSASs; however, CAAFE has been promoting the use of IPSASs and public financial management through its educational programs, conferences, and seminars. Croatia develops national public sector accounting standards. In support of IPSASs, CAAFE has worked for the past few years to create awareness and understanding among key stakeholders in the Ministry of Finance. CAAFE plans to continue these efforts as well as to work with the IFAC Translation Department to produce a high quality translation of IPSASs which is developed in-line with IFAC translation policy. Since the legislation does not require the application of IPSASs, CAAFE decided to postpone its' translation into Croatian language. However, translation of the most recent version of IPSASs would be very useful to CAAFE as it works to enhance awareness, educate and promote IPSASs adoption and implementation in Croatia.

In 2014, CAAFE has requested a license from IFAC to translate IPSASs into Croatian language. Application of these standards is not required by law in Croatia, so the standards were not translated into national language.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuing to Promote IPSASs</i>					
30.	Ongoing	Continue to raise awareness of new and proposed IPSASs among CAAFE members and Croatian accountancy and finance professionals. In 2011 / 2012, CAAFE did the following to advance this action: <ul style="list-style-type: none"> • CAAFE raise awareness of new and proposed IPSASs through magazine "Treasure." In 2013, CAAFE maintained the same activities and also planned to translate IPSASs in Croatian language. In 2014 and 2015, CAAFE maintained the same activities as mentioned above.	Ongoing	Standard Committee, Education Committee	Standard Committee, Education Committee
31.	January 2010	Arrange a meeting/presentation with the Ministry of Finance about the work of the IPSASB and the importance of IPSAS adoption. In 2011 / 2012, CAAFE did the following to advance this action: <ul style="list-style-type: none"> • CAAFE discussed about implementation of IPSASs with representatives of Ministry of Finance on conferences held in Porec. In 2014 and 2015 CAAFE discussed about implementation of IPSASs with representatives of Ministry of Finance on conferences held in Opatija.	June 2013 Completed	Standard Committee	Standard Committee, Education Committee, Deputy President

#	Start Date	Actions	Completion Date	Responsibility	Resource
32.	April 2010	Continue discussions with the Ministry of Finance about the work of the IPSASB and the possible positive impacts of adopting and implementing IPSASs.	June 2013 Delayed Ongoing as of 2014	Standard Committee	Standard Committee, Education Committee, Deputy President
<i>Translating IPSASs</i>					
33.	September 2011	Undertake translation of IPSASs. Contact IFAC Translations Department prior to commencement of translation activities. Work with IFAC Translation Department to produce high quality translations which are developed in-line with IFAC translation policies. In 2011 / 2012, CAAFE did the following to advance this action: <ul style="list-style-type: none"> • CAAFE planned the translation IPSASs in cooperation with Union of Accountants, Auditors and Financial Workers of Federation of Bosnia and Herzegovina (UAAFV of FBH). • CAAFE held online meetings about this translation with AFW of FBH. Since the legislation does not require the application of IPSASs, CAAFE decided to postpone its' translation into Croatian language.	Ongoing Postponed	Standard Committee	Standard Committee, Deputy President
34.	January 2013	Translation of IPSASs in cooperation with Union of Accountants, Auditors and Financial Workers Federation of Bosnia and Herzegovina.	Second half of 2014 Postponed	Standard Committee	Standard Committee, Deputy President
<i>Analyzing IPSAS Implementation</i>					
35.	July 2013	Simulation of IPSASs implementation in Croatian public sector.	September 2013 Delayed Ongoing as of 2014 Postponed	Standard Committee	Standard Committee, Deputy President
36.	July 2013	Analysis of IPSASs application in Croatian public sector.	October 2014 Postponed	Standard Committee	Standard Committee, Deputy President

#	Start Date	Actions	Completion Date	Responsibility	Resource
37.	Ongoing	<p>Continue to promote and support implementation of IPSASs in Croatia through annual conferences, workshops, and symposium on the subject of public finance and IPSASs. These conferences and workshops include specific training on public sector accounting.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE promote the implementation of IPSAS through magazine "Accounting and Auditing" as well as through magazine "Treasure." • CAAFE also promotes implementation of IPSASs through conferences held in Porec, Pula etc. <p>In 2013, CAAFE continued to promote and support implementation of IPSASs in Croatia.</p> <p>In 2014 and 2015 CAAFE CAAFE promote the implementation of IPSAS through magazine "Accounting and Finance" as well as through magazine "Treasure."</p> <p>CAAFE also promotes implementation of IPSASs through conferences held in Opatija and Šibenik in 2014 and 2015.</p>	Ongoing	Standard Committee, Deputy President	Standards Committee, Education Committee, Deputy President and Technical Assistant
38.	Ongoing	<p>Continue to promote IPSASB pronouncements and their implementation through the CAAFE hotline which provides information and guidance on a variety of topics including implementation of IPSASs.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • Few accounting experts in CAAFE work on hotline every day to help practitioners in solving their problems and to promote IPSASs. <p>In 2013, accounting experts employed on CAAFE hotline continued to promote IPSASs on daily basis.</p> <p>In 2014 and 2015, accounting experts employed on CAAFE hotline continued to provide information about IPSASs to accountants in the public sector.</p>	Ongoing	Standards Committee, Education Committee	Standards Committee, Education Committee, Deputy President
39.	Ongoing	<p>Publication of the regular magazine addition Riznica (Treasury) which provides articles and commentary on key IPSASs and other public financial management issues.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE publishes magazine "Treasury" every month to help accountants in public sector and to promote IPSASs. 	Ongoing	Standards Committee, Education Committee	Standards Committee, Education Committee, Deputy President

#	Start Date	Actions	Completion Date	Responsibility	Resource
		In 2013, CAAFE continued to publish magazine Treasury on a monthly basis, and to promote IPSASs. In 2014 and 2015, CAAFE continued to publish magazine Treasury on a monthly basis, and to promote IPSASs.			
<i>Review of CAAFE's Compliance Information</i>					
40.	Ongoing	Perform periodic review of CAAFE's SMO Action Plan and update sections relevant to revised SMO 5 as necessary.	Completed 2012	Standards Committee	Standards Committee, Deputy President and Technical Assistant

Action Plan Subject: SMO 6–Investigation & Discipline
Action Plan Objective: Develop an Investigation and Discipline Mechanism

Background:

Public sector body responsible for Investigation and Discipline (I&D) activities is Tax Department. This body inspects the implementation of accounting standards in Croatian enterprises. Income determined by accounting standards represents the basis for calculation of taxable income and therefore Tax Department investigates the accuracy of accounting standards implementation. Sanctions are defined by Accounting Act and are related to money penalties.

Presently CAAFE does not maintain a system of I&D; however, the CAAFE has preliminarily established a committee for Professional Ethics and Discipline Procedure Committee in preparation for its new roles and responsibilities in this area. CAAFE intends to develop the I&D mechanisms in line with SMO 6 requirements and with the support of regional peer PAOs.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Developing I&D Mechanisms in Accordance with SMO 6 Requirements</i>					
41.	May 2011	Review revised SMO 6 and gain familiarity with its requirements.	October 2013 Delayed October 2014 Completed	Professional Ethics and Discipline Procedure Committee, President and Deputy President	Professional Ethics and Discipline Procedure Committee, President and Deputy President
42.	January 2012	Identify key components necessary for the successful development of a system of I&D in-line with IFAC SMO 6. In identifying these key components, be sure to review: <ul style="list-style-type: none"> • 'Establishing and Developing a Professional Accountancy Body' Toolkit. • Tools and Resources to Support the Development of the Accounting Profession. Both of these documents can be found on the IFAC website: www.ifac.org	October 2013 Delayed October 2014 Completed	Professional Ethics and Discipline Procedure Committee, President and Deputy President	Professional Ethics and Discipline Procedure Committee, President and Deputy President
43.	March 2012	Reach out to regional peer PAOs which maintain established systems of I&D to investigate lessons learned, key success factors, and best practices in the area of I&D.	November 2013 Delayed October 2014 Delayed	Professional Ethics and Discipline Procedure Committee, President and Deputy President	Professional Ethics and Discipline Procedure Committee, President and Deputy President

#	Start Date	Actions	Completion Date	Responsibility	Resource
44.	May 2012	Begin working to design a program of I&D for CAAFE. Work to ensure that the design of this program draws upon IFAC SMO 6, IFAC tools and guidance, and the experience of regional peer PAOs.	November 2013 Delayed October 2014 Delayed	Professional Ethics and Discipline Procedure Committee, President and Deputy President	Professional Ethics and Discipline Procedure Committee, President and Deputy President
45.	January 2011	<p>Raise awareness with the CAC regarding IFAC SMO 6 and the possibility for communication and cooperation in the area of investigation and discipline.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE held meetings with CAC in hotel Westin in December 2011. • CAAFE held meetings with CAC in hotel Antunovic in December 2012. • CAAFE discussed with CAC about the area of investigation and discipline. <p>There are no other projects planned by CAAFE for 2013.</p> <p>In 2014 and 2015 CAAFE discussed with CAC about the area of investigation and discipline.</p>	Ongoing	Professional Ethics and Discipline Procedure Committee, President and Deputy President	Professional Ethics and Discipline Procedure Committee, President and Deputy President
<i>Review of CAAFE's Compliance Information</i>					
46.	Ongoing	Perform periodic review of CAAFE's SMO Action Plan and update sections relevant to revised SMO 6 as necessary.	Completed 2012	Professional Ethics and Discipline Procedure Committee, President and Deputy President	Professional Ethics and Discipline Procedure Committee, Deputy President and Technical Assistant

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Continue to Use Best Endeavors to Maintain and Continuously Improve Ongoing Program for Adoption and Implementation of IFRS

Background:

Croatia currently requires the use of International Financial Reporting Standards (IFRSs) for the preparation of financial statements of large companies, listed entities, credit institutions, and financial industry. The National Financial Reporting Standards Committee (NFRS) (comprised of 9 persons) reviews translations of IFRSs for approval and adoption in Croatia. The most up to date version of IFRSs (new standards or those that have been revised) has been published in 2013. NFRS Committee is legally responsible for adoption of national GAAP and for translation of IFRSs that are adopted by EU and published in the EU official gazette.

For Small and Medium Enterprises (SMEs), Croatia requires the application of national financial reporting standards. Currently, Croatia has national GAAP that represent a simplification and shorter version of IFRSs that are adjusted to information needs of small and medium sized entities; there is no intention to adopt IFRS for SMEs in a nearly future. CAAFE will continue to assist the NFRS Committee in maintaining and improving a program for ongoing adoption and implementation of IFRSs.

CAAFE continues to promote IFRSs through conferences in Pula and Porec, to maintain a hotline for IFRS implementation issues, provide textbooks for universities on this subject, and publish articles and updates through its magazine Accounting and finance. In 2012, CAAFE and CAC established a Task Force to monitor and review the releases of new International Accounting Standards Board (IASB) Exposure Drafts. Cooperation with the Ministry of Finance in translation and implementation of IFRSs and interpretations for use in Croatia has been limited. CAAFE continuously promotes IFRSs through annual conferences, educations and magazine Accounting and Finance. It also monitors and publishes promptly all changes in IFRSs.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Supporting the Adoption of IFRS and Assisting with their Implementation</i>					
47.	May 2010	Develop a training seminar specifically for university professors to assist them in teaching the theory and practical application of the new updates to IFRSs in the classroom.	December 2013 Delayed Ongoing as of 2014 Completed	Standards Committee	Standards Committee, Deputy President

#	Start Date	Actions	Completion Date	Responsibility	Resource
48.	May 2010	<p>Review audit legislation framework regarding adoption, implementation of IFRSs.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE continuously monitored changes in IFRSs and discussed them with CAC. <p>This is an ongoing process. CAAFE is undertaking those activities on a constant basis (and also in 2013).</p> <p>This is an ongoing process. CAAFE is undertaking those activities on a constant basis (and also in 2014 and 2015).</p>	Ongoing	Standards Committee	Standards Committee, Deputy President
49.	January 2010	Develop a formal 'Task Force' with CAC to review recently released Exposure Drafts of IASB standards and pronouncements and to provide feedback and input into the standard setting process. Please consider indicating what recent Exposure Drafts CAAFE provided comments for.	Completed 2012	Standards Committee, Chamber of Auditors	Standards Committee, Deputy President, Chamber of Auditors
50.	September 2011	Update released IFRSs in accordance with regulations of European Commission.	Completed 2012	Standards Committee	Standards Committee, Deputy President
51.	September 2011	Change National Financial Reporting Standards in accordance with requirements of European Commission and adjust them to IFRSs.	Completed 2012	Standards Committee	Standards Committee, Deputy President
<i>Maintaining Ongoing Processes</i>					
52.	Ongoing	<p>Continue to actively participate in the meetings of National Financial Reporting Standards Committee and provide input and feedback on standards setting.</p> <ul style="list-style-type: none"> • In 2012, CAAFE occasionally participated in those meetings. <p>In 2013 CAAFE occasionally held meetings with National Financial Reporting Standards Committee.</p> <p>In 2014 and 2015 CAAFE occasionally held meetings with National Financial Reporting Standards Committee.</p>	Ongoing	Chairman of the Standards Committee, Deputy President	Chairman of the Standards Committee, Deputy President with the support of Technical Assistant
53.	Ongoing	<p>Continue co-operation with the Ministry of Finance in translation and implementation of IFRSs and interpretations for use in Croatia.</p> <ul style="list-style-type: none"> • Low level of cooperation during 2012. • Low level of cooperation in 2013. • Low level of cooperation in 2014 and 2015. 	Ongoing	Standards Committee	Chairman of the Standards Committee, Chairman of the Education Committee, Deputy President with the support of Technical Assistant

#	Start Date	Actions	Completion Date	Responsibility	Resource
54.	Ongoing	<p>Continue in discussion on problematic aspects of the IFRS implementation in Croatia with the Ministry of Finance and support endorsement of voluntary implementation of IFRSs in the Croatian accounting legislation.</p> <ul style="list-style-type: none"> • Low level of cooperation during 2012. • Low level of cooperation in 2013. • Low level of cooperation in 2014 and 2015. 	Ongoing	Standards Committee	Chairman of the Standards Committee, Chairman of the Education Committee, Deputy President with the support of Technical Assistant
55.	Ongoing	<p>Continue providing information on the latest developments in IFRSs through magazine <i>Računovodstvo i financije (Accounting and Finance)</i> and other publications which are targeted to the CAAFE membership and other accountancy and finance professionals.</p> <ul style="list-style-type: none"> • In 2012, CAAFE published every month in its magazine "Accounting and Finance" information about the latest development in IFRSs. • In 2013 CAAFE continuously conducted activities above. • In 2014 and 2015 CAAFE continuously conducted activities above. 	Ongoing	Standards Committee	Chairman of the Standards Committee, Chairman of the Education Committee, Deputy President with the support of Technical Assistant
56.	Ongoing	<p>Continue to promote IASB pronouncements through various CAAFE sponsored workshops, seminars, conferences which focus on IFRS implementation.</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE organizes every year conferences in Pula and Porec to discuss those problems. • CAAFE traditionally organize those conferences every year. • In 2013 conferences were held in Biograd (in September) and Sibenik (in May) at the Adriatic coast. • In 2014 and 2015 conferences were held in Opatija and Sibenik at the Adriatic coast. 	Ongoing	Standards Committee, Education Committee	Standards Committee, Education Committee, Deputy President
57.	Ongoing	<p>Implement recently developed plan for CPD which includes 120 hours of education (60 hours on up to date IFRS implementation).</p> <p>In 2011 / 2012, CAAFE did the following to advance this action:</p> <ul style="list-style-type: none"> • CAAFE organized educational seminar about implementation of IFRSs in Croatia. <p>In 2013, CAAFE organized several specific educational seminars about</p>	Ongoing	Standards Committee, Education Committee	Standards Committee, Education Committee, Deputy President

#	Start Date	Actions	Completion Date	Responsibility	Resource
		implementation of IFRSs in Croatia. In 2014 and 2015, CAAFE organized several specific educational seminars about implementation of IFRSs in Croatia.			
58.	Ongoing	Continue to promote IASB pronouncements and their implementation through the CAAFE hotline which provides information and guidance on a variety of topics including implementation of IFRSs. In 2011 / 2012, CAAFE did the following to advance this action: <ul style="list-style-type: none"> In 2012 (and in an ongoing manner) accounting experts worked on hotline every day to help accountants to implement IFRSs. In 2014 and 2015 (and in an ongoing manner) accounting experts worked on hotline every day to help accountants to implement IFRSs.	Ongoing	Standards Committee, Education Committee	Standards Committee, Education Committee, Deputy President
59.	Ongoing	Publications of the textbook "Accounting Principles" which includes teachings on the most recent updates to IFRSs and is used in the 6 main universities in Croatia. Publication of the Textbook "Primjena Međunarodnih standarda financijskog izvještavanja – studije slučaja" (Application of International Financial Reporting Standards - Case study) – required literature at the graduate study, course -International Accounting, University of Zagreb.	December 2013 Completed	Standards Committee, Education Committee	Standards Committee, Education Committee, Deputy President
<i>Review of CAAFE's Compliance Information</i>					
60.	Ongoing	Perform periodic review of CAAFE's SMO Action Plan and update sections relevant to revised SMO 7 as necessary.	Completed 2013	Standards Committee	Standards Committee, Deputy President, Technical Assistant