

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 Associate:	Croatian Audit Chamber
Approved by Governing Body:	Governing Board
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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

AE	Accountancy Europe
ACCA	Association of Chartered Certified Accountants
APOC	Audit Public Oversight Committee
CAAFE	Croatian Association of Accountant and Financial Experts
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 Standards on Quality Control 1
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 all 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 PIE's 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>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>					

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<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. <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</p>					

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<p>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 CAC web site: http://www.revizorska-komora.hr/index.php/nadzor-i-provjera-kvalitete-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>					
<p><i>Support CAC Members in the Implementation of the Quality Control Standards</i></p>					
1.	Ongoing	Prepare technical support for the CAC members about implementation of ISQC1 requirements - available on the CAC web site.	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)	Completed December 2013	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 ISQC1 issues. CAC organizes trainings regarding: implementation of the ISQC1; performing audits based on risks; procedures for risk assessment and response to risks; audit planning; 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 ISQC1 topics. (SMO 1 paragraphs 19, 23-25)	Ongoing Monthly	CAC GB and Translation Committee	Practitioners (CAC members) and CAC's employees
<p><i>Implement Quality Assurance Review System</i></p>					
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

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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. <ul style="list-style-type: none"> • Combination of the regular visits (for the first time) and follow up visits of some audit firms based on 	June 2017 Completed	CAC's QAD	CAC's QAD employees

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		the 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 SMO1, if they wish to accept this co-operation.	Ongoing	CAC GB	Practitioners (CAC members) and CAC's employees
Maintaining Ongoing Processes					
23.		Continue to ensure that CAC's QA reviews are operating effectively and continues to be in line with	Completed	CAC GB and CAC's QAD	CAC's QAD employees

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		SMO 1 requirements. This includes periodic review of the operation of the QA system and updating the Action Plan for future activities where necessary.			
24.		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 web site 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
25.	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>					
26.	Ongoing	Perform periodic review of CAC's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 1 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Completed	CAC GB	CAC's employees

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
Action Plan Objective: To ensure that all IES requirements are incorporated into CAC’s education requirements

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<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 Postgraduate University Study or an Integrated Undergraduate and Postgraduate University Study or Undergraduate Professional Certificate and a Bachelor's Degree Professional Degree, completed at least 300 ECTS credits or a 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 an 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 has to have a prior approval of MoF. The organizers of the IPD training shall be CAC, MoF or any other educator.</p> <p>The previous requirement to become a certified auditor was to pass an audit exam. The candidates had to meet conditions to had the university Bachelor’s degree and the three-years of work experience in an audit firm, of which two years had to be mentored by certified auditor. CAC monitored pre-qualification requirements of candidates, including mentors for the purpose of validating the third-year experience done in business. In accordance to 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 					

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		<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 relation with mentioned circumstances in the previous part (SMO 1) about the new Audit Law, MoF did not published that specific Rulebook. Because of that, since January 1, 2018, CAC has just organized an audit exam for the candidates from the education cycles of 2016 and 2017. This exam was organized and conducted in regard the rules that were on force until the December 31, 2017.</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> <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</p>			

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<p>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>In regards to 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, issued by MoF. In accordance with this Rulebook the certified auditor has an obligation to continuously train in the field of audit services in order 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 takes into account 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>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 (i.e. changes in Audit Law, Accounting Law and other relevant Laws, changes in ISAs, IFRSs, ICT, etc). 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 CAC has developed CPD programme for the 2019 and in October 2018 requested a MoF's prior approval.</p> <p>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. Supervisor over the fulfilment of auditors' education conditions is MoF. Furthermore, MoF is responsible to oversight the process of education and audit exam.</p>					
<i>Adoption and full implementation of the IESs</i>					
27.	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
28.	June 2011	Study and analysis of differences between IESs and national education requirements.	January 2013 <i>Deferred</i>	CAC GB – Committee for Vocational Training and	CAC GB – Committee for Vocational Training and Continuing Professional

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		As of 2014, the study is in progress and the cooperation with ACCA will be helpful. 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.		Continuing Professional Improvement	Improvement with CAC employees
29.	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
30.	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
31.	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
32.	Ongoing	The Rulebook on CPD requirements of the certified auditors takes into account the requirements of the International Standards on Education 7 issued by the International Accounting Standards Board (IAESB).	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
33.	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	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC GB – Committee for Vocational Training and Continuing Professional Improvement with CAC employees

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34.	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	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC GB – Committee for Vocational Training and Continuing Professional Improvement with CAC employees
35.	March 2017	CAC initiated proposals for changes in the Accounting Law regarding regulation of accountancy profession and their required conditions (ie. 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 CAAFE and the Association of Accountants (inside the RRIF - accounting consultant).	December 2018 Completed	CAC GB	CAC employees
36.	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>					
37.	Ongoing	Continue to ensure that CAC's education requirements continue to 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
38.	November 2012	Design monitoring system supported with IT for pre-qualification requirements (candidates, mentors) and CPD requirements of CAC's members (certified auditors).	Ongoing	CAC GB – Committee for Vocational Training and Continuing Professional Improvement	CAC employees

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39.	January 2018	<p>As of 2014, CAC members were obliged to submit an annual questionnaire to CAC with information about CPD during previous calendar year.</p> <p>As of January 2018, CAC members are obliged to submit an annual questionnaire to MoF with information in accordance with the CPD Rulebook.</p> <p>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</p>	Ongoing	CAC GB	CAC employees
40.					
<i>Review of CAC's Compliance Information</i>					
41.	Ongoing	<p>Perform periodic review of CAC's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 2 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.</p>	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 and 120/16) 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 web site 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 in order to provide to members with the update of Handbook of International Standards on Auditing and Quality Control, edition 2009. Because of IAASB's activity and changes of ISAs, CAC GB adopted decisions on translation all revised and new ISAs.</p>					
<i>Further improvements to process for adoption and implementation of IAASB pronouncements</i>					
42.	June 2010	<p>On annual basis organise the courses or workshops to educate certified auditors about ISAs implementation and new auditing requirements.</p> <ul style="list-style-type: none"> • From 2010 CAC annually held symposiums on ISAs topics in order 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 	Ongoing	CAC GB – Committee for Auditing Standards and Ethics and Committee for Vocational Training and Continuing Professional Improvement	Practitioners (CAC members) and CAC employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
		and training of certified auditors through workshops (program of workshops; started from February 2013).			
43.	June 2010	On a continuous basis ensure that prequalification education and certification materials utilize most recent amendments and additions to ISAs. In accordance with the decisions of the CAC General Assembly (March 2012, July 2012), IPD Operational Programme and CPD Programme have been updated (three new IPD training cycle were performed: one in November 2012, second one in October 2014 and third in September 2015; workshops started from February 2013).	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	Enhance and strengthen CPD program on new ISAs. 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 in order to promote proper understanding and use ISAs in practice.	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	Implementation of ISAs is a subject of QA reviews. Feedback from QA activities about application issues is the basis for further planning and organizing CAC CPD activities.	Ongoing	CAC GB – Committee for Auditing Standards and Ethics and Committee for Vocational Training and Continuing Professional Improvement	CAC employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
47.	August 2013	Translation of: 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; 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. (SMO 1 paragraphs 19, 23-25)	December 2013 Completed	CAC GB and Translation Committee	CAC Principal Translator and Translators
48.	June 2014	Translation of: <ul style="list-style-type: none"> • 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: 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; 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: <ul style="list-style-type: none"> • 2400 (Revised) Engagements to Review Financial Statements (previously ISA 910). 	April 2015 Completed	CAC GB and Translation Committee	CAC Principal Translator
49.	October 2015	Translation of: 1. Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, 2015 Edition, following parts: <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>; 	November 2016 Completed	CAC GB and Translation Committee	CAC Principal Translator

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<ul style="list-style-type: none"> 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>. 			
50.	August 2017	<p>Translation of:</p> <p>1. 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.), Consideration of Laws and Regulations in an Audit of Financial Statements ISA 800 (Revised), Special Considerations - Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks ISA 805 (Revised), Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement ISA 810 (Revised), Engagements to Report on Summary Financial Statements <p>As of December 31, 2018, are publicly available on the CAC's web site: http://www.revizorska-komora.hr/index.php/kodeks-standardi-smjernice/medjunarodni-revizijski-standardi.html</p>	November 2018 Completed	CAC GB and Translation Committee	CAC Principal Translator
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	CAC GB and Translation Committee	CAC Principal Translator
<i>Maintaining Ongoing Processes</i>					
52.	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>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
53.	Ongoing	Perform periodic review of CAC's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 3 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	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. CAC GB has adopted decisions on translation of revised IESBA Code of Ethics, in order to provide members with all updates.</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>					
54.	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
55.	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
56.	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
57.	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
58.	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 web site: http://www.revizorska-komora.hr/index.php/kodeks-standardi-smjernice/kodeks-profesionalne-etike-revizora.html	November 2018 Completed	CAC GB and Translation Committee	CAC Principal Translator

#	Start Date	Actions	Completion Date	Responsibility	Resource
59.	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
60.	Ongoing	Provide auditors with the information on ethics issues connected with the actual global or national trends. Publish on the CAC website translation of IFAC/AE/WB materials.	Ongoing Annually	CAC GB – Committee for Auditing Standards and Ethics	Practitioners (CAC members) and CAC employees
61.	Ongoing	Support and encourage auditors on consistent application of the Code of Ethics in order 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
62.	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	CAC GB – Committee for Auditing Standards and Ethics	Practitioners (CAC members) and CAC employees
63.	Ongoing	Initiation of panels and discussions with representatives of the accounting profession and the relevant institutions on ethical issues, in order to encourage ethical behaviour at the national level.	Ongoing	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>					
64.	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>					
65.	Ongoing	Perform periodic review of CAC's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 4 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	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>					
Public sector accounting standards are not within the scope and function of the CAC. Croatia does not currently require the use of the International Public Sector Accounting Standards (IPSASs). Croatian government develops national public sector accounting standards which are in authority of the Ministry of Finance.					
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, taking into account the condition and capacity of Member States.					
<i>Promoting the Use of IPSASs</i>					
66.	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 CAAFE 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>					
67.	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>					
68.	Ongoing	Perform periodic review of CAC's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 5 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	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>In accordance with the changed CAC's scope of the public authorities and tasks, CAC has a new Statute (Official Gazette 58/18). One of the CAC's new body is the Court of Honour that shall conduct proceedings for settling disputes arising between a member and the CAC concerning the violation of the obligations towards the CAC, and disputes against a member for the detriment of the reputation of the audit profession upon application by other member, CAC's bodies or other persons. The Court of Honour is independent in its decision-making and independent of the other CAC's bodies. The Court's duty is to organize its action with aim to prevent unethical and unacceptable conduct of members which is contrary to the provisions of the CAC's Statute and harms the reputation of the profession. For the purpose of conducting proceedings before the Court of Honour, it shall adopt the rules of procedure.</p> <p>CAC's members, other CAC's bodies and third parties who have a conflict with a particular CAC's member may refer to the Court of Honour. The Court of Honour shall decide on:</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>In the proceedings before the Court of Honour, the parties may conclude a settlement in the previous conciliation procedure. If the parties do not enter the settlement or fail to reach a settlement, a hearing is initiated before the Court of Honour. After the hearing before the Court of Honour, the Court of Honour shall declare the following measures in case it finds violations against the Statute: a warning or a public warning for publication on CAC's website. The parties may file a complaint to the decision of the Court of Honour with the Governing Board within 15 days from the date of receipt of the decision.</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</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>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 of the CAC bodies, with the exception of 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> <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 with regard to 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 with regard to 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 web site. 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>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Development of I&D process</i>					
69.	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
70.	September 2010	Commence I&D process. Begin implementation of sanctions process. Presently this activity is in process. The first disciplinary actions undertaken and processed through Disciplinary Council and Courts, where relevant.	September 2011 Completed	CAC GB – Committee for Complaints and Disciplinary Council	CAC employees
71.	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
72.	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
73.	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
74.	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
75.	October 2012	Provide recommended actions which might be taken to enhance alignment of I&D process of CAC with SMO 6. • 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.	November 2013 Completed	CAC GB – Committee for Complaints and Disciplinary Council	CAC employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
		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.	October 2017 Completed		
76.	Ongoing	Conducting disciplinary proceedings in addition to the findings of QA reviews.	Ongoing Completed	Committee for Complaints and Disciplinary Council	CAC General Secretary
77.	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
78.	November 2018	Preparation for the election and appointment of a members of the Court of Honour on the Assembly.	December 2018 Completed	CAC GB, Assembly	CAC General Secretary
79.	March 2019	Adoption of the Court of Honour's rules of procedure	April 2019	Court of Honour, CAC GB	CAC General Secretary
<i>Maintaining Ongoing Processes</i>					
80.	Ongoing	Continue to use best endeavours to ensure CAC's investigation and disciplinary mechanism continues to addresses all SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	CAC GB – Committee for Complaints and Disciplinary Council	CAC employees
81.	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>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
82.	Ongoing	Perform periodic review of CAC's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 6 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing Completed	CAC GB – Committee for Complaints and Disciplinary Council	CAC employees

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

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>The accounting framework of Croatia is driven by the EU Fourth and Seventh Directive and new Directive 2013/34 and also the EU Commission Regulation 2002/1606 on International Financial Reporting Standards (IFRSs). Before the accession of Croatia to the EU, large enterprises have the obligation to apply IFRSs. After the accession 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 improvement of the national financial reporting standards.</p> <p>The new Accounting Law is adopted in July 2015 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>					
83.	Ongoing	<ul style="list-style-type: none"> Continue in an active participation in the meetings with the MoF, FRSB and CAAFE, 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 (in collaboration with CAAFE) round tables and workshops on the application of the special national law that defines financial performance of undertakings; CAC and CAAFE organized the conference of the auditors and accountants on current topics; CAC participated in various discussion held on the subject of IFRSs. 	Ongoing	CAC GB	CAC GB
84.	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 	December 2014 to December 2015	CAC GB	CAC's employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>attended the initial meeting which was organized by MoF in January 2013 on this subject;</p> <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. 	<p>Completed</p> <p>April 2016 to October 2017 Completed</p>		
85.	Ongoing	<p>Assist and support for CAC members with technical tools regarding public disclosure of audited financial statements.</p> <ul style="list-style-type: none"> • Since 2010, CAC annually updates guidance on public disclosure of FS that is intended to auditors as technical assistance in the implementation of the Accounting Law and other regulations regarding content of FS. • These guides are available on the CAC web. 	Ongoing	CAC GB	CAC's employees
86.	Ongoing	<p>Continue in the co-operation with the MoF, FRSB and CAAFE in the preparation of the effect studies of the implementation of particular standards and interpretations for the use in the EU and in inclusion the IFRS in the curricula of the CPD.</p> <p>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).</p>	Ongoing (As needed)	CAC GB	Practitioners (CAC members) and CAC employees
<i>Maintaining Ongoing Processes</i>					
87.	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>					
88.	Ongoing	Perform periodic review of CAC's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 7 as necessary. Once	Ongoing	CAC GB – Committee for standards on	CAC's employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
		updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.		auditing, quality control and ethics	

ORGANIZATION'S LETTERHEAD

Date: May 22, 2019

Name: Zdenko Balen

Title: President of the Croatian Audit Chamber

Name of Organizaton: Croatian Audit Chamber

Address: Radnička cesta 52/V, 10000 Zagreb, Croatia

Email: hrk@revizorska-komora.hr


Dear Ms. Prinsloo,

Subject: Letter to Confirm Institutional Support for the SMO Action Plan

This letter is to confirm that the leadership of the CROATIAN AUDIT CHAMBER has reviewed the information contained in the SMO Action Plan prepared by CROATIAN AUDIT CHAMBER as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the CROATIAN AUDIT CHAMBER, I endorse publication of the SMO Action Plan 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.

Sincerely,



(Signature of President or Chairman of the Board or equivalent) , _____
(Title)

Croatian Audit Chamber

(Name of Organization)

20. 5. 2019.

(Date)