

# ADVANCING AUDIT QUALITY ASSURANCE SYSTEMS: TRENDS AND OPPORTUNITIES

## - Republic of Kosovo -

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*Vienna, April 27, 2018*

*Legal framework and its enforcement: recent updates since last workshop*

**CFRR** >>

**Centre for Financial  
Reporting Reform**



Road to Europe: Program of Accounting  
Reform and Institutional Strengthening



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## **Legal framework and its enforcement: recent updates since last workshop**

- 1) The status of legislation – auditing, oversight, QA and accounting
- 2) Public Oversight and QA
- 3) Expected plan by 2018 - 2019



## 1) The status of legislation – auditing, oversight, QA and accounting

- » New law approved: “[No. 06/L-032 on Accounting, Financial Reporting and Auditing](#)”
- » Entry into force: January 1, 2019;
- » Aligned with EU Directive and local business environment;



## 2) Public Oversight and QA

- » Introduction of Public Oversight Board (POB) for supervision of:
  - » Continuing education;
  - » Quality Assurance;
  - » Disciplinary system;
- » Composition:
  - » 2 members from KCFR;
  - » 2 members from PAOs;
  - » 1 member from Central Bank of Kosovo;
- » Governed by non-practitioners;
- » All auditors and audit firm are subject to public oversight;



## 2) Public Oversight and QA (2)

- » Lack of implementation of QA by the current regulator - KCFR;
- » SCAAK has established the QA department and has conducted the following activities;
  - 1) Approval of QA regulation for SCAAK members during 2016;
    - » 3 years cycle of quality inspection review
    - » Annual activity report
  - 2) Start of implementation of QA for statutory auditors, during 2017;
    - » Sample: 15 auditors selected
    - » Risk factors considered: number of audits, audit fee, hours spent on each audit engagement
  - 3) Research on quality of audited financial statements:
    - » Compliance of auditors report with ISA relevant standards
    - » Compliance of FS with relevant IFRS/IAS.
    - » Accounting years; 2013 & 2014 (finalized), 2015 & 2016 (ongoing)



### 3) Expected plan by 2018-2019

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- » Preparations for the implementation of the new law;
  - » Establishment of POB;
  - » Approval of proposed methodology for QA;
  - » Approval of inspections annual plan;
  
- » Strengthening capacities in the area of QA with the help of CFRR team;

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**Thank you for your attention!**