

Ministry of Finance Republic of Serbia

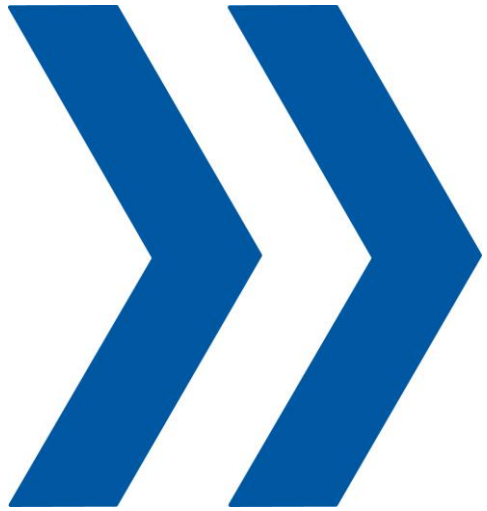
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Road to Europe: Program of Accounting
Reform and Institutional Strengthening



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Law on Audit

Current status and further steps



Law on Audit – Current status

- » **The Law on Audit** was adopted on July 16th, 2013 by the National assembly of the Republic of Serbia and was published in the Official gazette No. 62/13. The Law came into power on July 24th, 2013.
- » The Law on Audit, at the time of its adoption, was in line with the requirements of the EU - Directive 2006/43/EC (32006L0043).



Law on Audit – the main strengths

» **Implementation of the system for Public oversight** – The Public oversight board was introduced.

The Public oversight board - An independent body whose members are non-practitioners (individuals who are independent from the audit profession and the Chamber of Authorized Auditors), appointed by the Government of the Republic of Serbia, on the suggestion of the Ministry of Finance, Central Bank and the Securities Committee, whose role is to:

- Supervise Quality assurance system and impose measures on audit companies and licensed authorized auditors;
- Supervise the continuing education and the examination process;
- Supervise the Chamber of Authorized Auditors;
- Supervise the process of issuing licenses to authorized auditors and issuing of work permits to audit companies;
- Suggest disciplinary sanctions for audit companies and licensed auditors.



Law on Audit - the main strengths

» The Q&A system is in place

The Q&A is implemented by independent Q&A staff which are licensed authorized auditors employed in the Chamber of Authorized Auditors, with at least five years of experience in audit.

All audit companies and licensed auditors are subject to Q&A. It is done at least once every three years to the audit companies who preform audits for public interest entities and at least once every six years for all of the rest.

The Q&A process became operational in 2015.



Law on Audit – the results

» The Q&A was preformed in:

- 49 Audit companies on
- 98 Licensed authorized auditors that audited
- 125 audit engagements.



Law on Audit – the results

The Ministry of Finance, on the suggestion of the public oversight board, has issued:

11 sanctions for audit companies which are:

10 orders for elimination of irregularities;

1 work permit has been revoked;



Law on Audit – the results

The Ministry of Finance, on the suggestion of the Public oversight board, has issued:

24 sanctions to licensed authorized auditors :

10 public warnings;

12 conditional license revocations;

2 license revocations;



Law on Audit – next steps

» The new Law on audit:

- 1) **Compliance with new EU directives** – A detailed analysis of EU regulation must be done in order to identify which new amendments must be incorporated in the new Law – realization of a Project is in progress, where one of the main goals is alignment of RoS legislation with EU regulation and international best practice in this area;
- 2) Removal of identified deficiencies in the current law.



Law on Audit – main challenges

- » Establishing the system for Q&A within the Public oversight board.
- » The new organization and financing of the public oversight system.



Thank you