

# Federation of Bosnia & Herzegovina

## Bosnia and Herzegovina

### Reforms - status update

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*FRCoP workshop*



**Centre for Financial  
Reporting Reform**



**WORLD BANK GROUP**  
Governance



Road to Europe: Program of Accounting  
Reform and Institutional Strengthening



**EU-REPARIS** is funded by the  
European Union and is a part of  
**WB EDIF.**

## Summary of alignment status

	Transposition tables prepared	Laws drafted	Public consultations	Law passed
Audit Directive	Yes	Yes	From 23 December 2016 to 22 March 2017	Planned for second half of 2017
Audit Regulation	Yes	Yes	From 23 December 2016 to 22 March 2017	Planned for second half of 2017

### GENERAL COMPLIANCE WITH EU FRAMEWORK

- Audit Standards used: Y

	Legal requirement	System established	Built capacity?	Institution effective?
Public Oversight	Yes	Yes	Operations started	Yes
Quality Assurance	Yes	By PAO	Operations started	Started in December 2015



## The main three strenghts of the recent audit reform

1. Association of Accountants, Auditors, and Financial Workers of FBiH published an updated version of IFRS, including ISA, in February 2017 (with the framework and implementation guidance)
  - » Updated translation of IFRS and IAS available
  - » Updated translation of ISA available (shall be applied throughout FBiH for the financial reporting year 2017)
  - » IFRS for SMEs (version 2015) available
2. Fifteen quality assurance control of the audit firms have been executed and reported in 2016 by the Commission to the Public Oversight Board. There are also fifteen quality assurance control to be executed during 2017
3. Thresholds for entities (micro, small, medium and large) have been increased but they are still twice as low as those prescribed by the Directive 2013/34/EU



## Issues and challenges

- » Parliament has not yet adopted the Law on Accounting and Auditing
- » Strengthening functions of The Chamber of Auditors, especially strengthening capacity of Commission for Inspection and Quality Control of the Audit Firms and Auditors
- » Strengthening cooperation between Public Oversight Board, Chamber of Auditors and Association of Accountants, Auditors, and Financial Workers of FBiH, as well as strengthening cooperation with their peers from the countries of the region



## Action plan for 2018

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- » Enactment of subordinate acts
- » Establishing a public Register of Entities for Provision of Bookkeeping and Accounting Services and public Register of Entrepreneurs for Provision of Bookkeeping and Accounting Services
- » Establishing a public Register of certified accountants by the Association of Accountants, Auditors, and Financial Workers of FBiH
- » Improving the system of quality control



## Follow up needed

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We need support in the process of implementation of the Law in terms of training, in order to acquire new knowledges and skills in the field of auditing profession, quality control and public oversight, as well as for sharing mutual experiences