

# MINISTRY OF FINANCE Republic of Serbia

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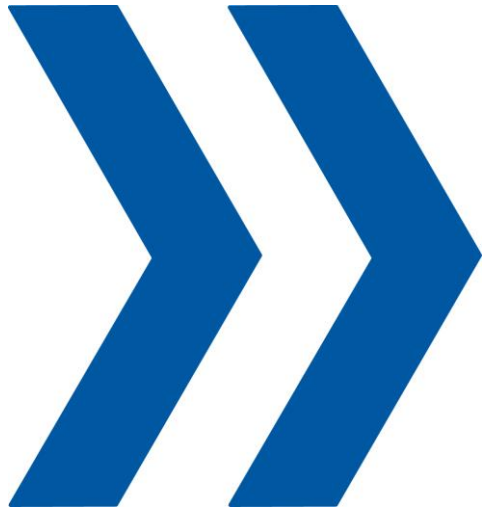
FRCoP



Road to Europe: Program of Accounting  
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# **Law on Audit**

## **Current status and further steps**



## Law on Audit – Current status

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



## Law on Audit – main strengths

- » **Implementation of the system for Public oversight** – The Public oversight board (POB) was introduced.
- » **POB** - An independent body with majority members non practitioners
- » Scope of work:
  - supervising Quality assurance system and impose measures on audit companies and licensed authorized auditors;
  - supervising the continuing education and the examination process;
  - supervising the Chamber of authorized auditors;
  - supervising the process of issuing licenses to authorized auditors and issuing of work permits to audit companies;
  - propose disciplinary sanctions for audit companies and licensed auditors.



## Law on Audit - main strengths

### » The Q&A system is in place

- The Q&A is implemented by independent Q&A staff - licensed authorized auditors employed in the Chamber of authorized auditors, (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 perform audits of public interest entities and at least once every six years for all others.
- The Q&A process became operational in 2015.



## Law on Audit – results

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- » The Q&A was preformed in:
  - 49 Audit companies on
  - 98 Licensed authorized auditors that audited
  - 125 audit engagements.



## Law on Audit – results

The Ministry of Finance, based on the POB proposal, has issued so far:

- 11 sanctions for audit companies which are:
- 10 orders for elimination of irregularities;
- 1 work permit has been revoked;



## Law on Audit – results

The Ministry of Finance, based on the POB proposal, has issued:

- 21 sanctions to licensed authorized auditors :
- 9 public warnings;
- 10 conditional license revocations;
- 2 license revocations;





## Law on Audit – next steps

- » **The new Law on audit (expected Q4, 2018)** – what needs to be done:
  - detailed analysis of the Law assessing degree of compliance with current EU *Acquis*
  - take into account the recommendations from the WB ROSC A&A 2015
  - remove identified deficiencies in the current Law and take into account the specifics of the local market, practice and needs



## Law on Audit – main challenges

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- » Establishing the system for Q&A within the POB
- » New organization and financing of the public oversight system



*Thank you*

Q&A?