

# REPUBLIC OF SRPSKA

## Reforms status and highlights

Ministry of Finance of the Republic of Srpska

*Brussels, 28 March 2017*

*EU-REPARIS Senior Officials Workshop*



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

## ALIGNMENT OF COUNTRY LEVEL LAWS

	Transposition tables prepared	Laws drafted	Public consultations	Law passed
Accounting Directive	In progress	Yes	Yes	November 2015
IAS Regulation	Not applicable	Yes	Yes	May 2009
Audit Directive	In progress	Yes	Yes	November 2015
Audit Regulation	Not applicable	Yes	Yes	May 2009

## GENERAL COMPLIANCE WITH EU FRAMEWORK

- Definition of SMEs harmonized with the NEW accounting directive: N
- Accounting standards used for SMEs: Y
- Format of financial statements aligned with EU accounting directive: N
- Adoption of a micro-regime: Y
- Audit Standards used: Y

	Legal requirement	System established	Built capacity?	Institution effective?
Public Oversight	Yes	By Ministry of Finance	In progress	Yes
Quality Assurance	Yes	By PAO	In progress	No

# Summary of alignment status

## Classification of entities

	Micro	Small	Medium -Sized	Large
Average number of employees	< 5	5 - 50	50 - 250	> 250
Balance sheet	< 250.000 KM	250.000 - 1.000.000 KM	1.000.000 – 4.000.000 KM	> 4.000.000 KM
Net turnover	< 500.000 KM	500.000 – 2.000.000 KM	2.000.000 – 8.000.000 KM	> 8.000.000 KM
Financial reports for 2015				
RS A&A Law	39%	44%	13%	4%
EU Directive	77%	20%	3%	0,5%



## Micro sized entities– FR & Auditing

- Balance sheet
- Profit and loss statement
- Statistical annex
  
- No auditing request, except if they are PIE



# Small and Medium sized entities– FR & Auditing

- Balance sheet
- Profit and loss statement
- Cash flow statement
- Statement of changes in equity for the period
- The notes to the financial statements
- Statistical annex
  
- Management report, except for small entities
  
- No auditing request, except if they are PIE



# Large sized entities– FR & Auditing

- Balance sheet
- Profit and loss statement
- Cash flow statement
- Statement of changes in equity for the period
- The notes to the financial statements
- Statistical annex
- Management report
  
- Auditing request



# Public oversight

New Instructions for the exercise of public oversight of the business providing accounting and audit services ('Official Gazette of the Republic of Srpska' no. 102/16)!

In the place from the 1. January 2017.

### **Quality control on the level audit firms - ISQC-1(36)**

- Leadership Responsibilities for Quality within the Firm (4)
- Relevant Ethical Requirements (4)
- Acceptance and Continuance of Client Relationships and Specific Engagements (7)
- Human Resources (6)
- Engagement Performance (8)
- Monitoring (7)





## Public oversight - New Questionnaire

### Quality control on the level audit engagement (70)

- Accept and continue an audit engagement (4)
- Planning the audit engagement (27)
- Collecting of evidence (17)
- Questions from the area selected for detailed check of the quality of the audit engagement (7)
- Quality control in the phase of concluding the audit (9)
- Reporting (6)

**Thank you.**