

# **CROATIAN AUDIT PUBLIC OVERSIGHT COMMITTEE**

**Ms. Branka Augustinovic  
Mr. Zeljko Faber  
Mr. Lajos Zager**

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Contents

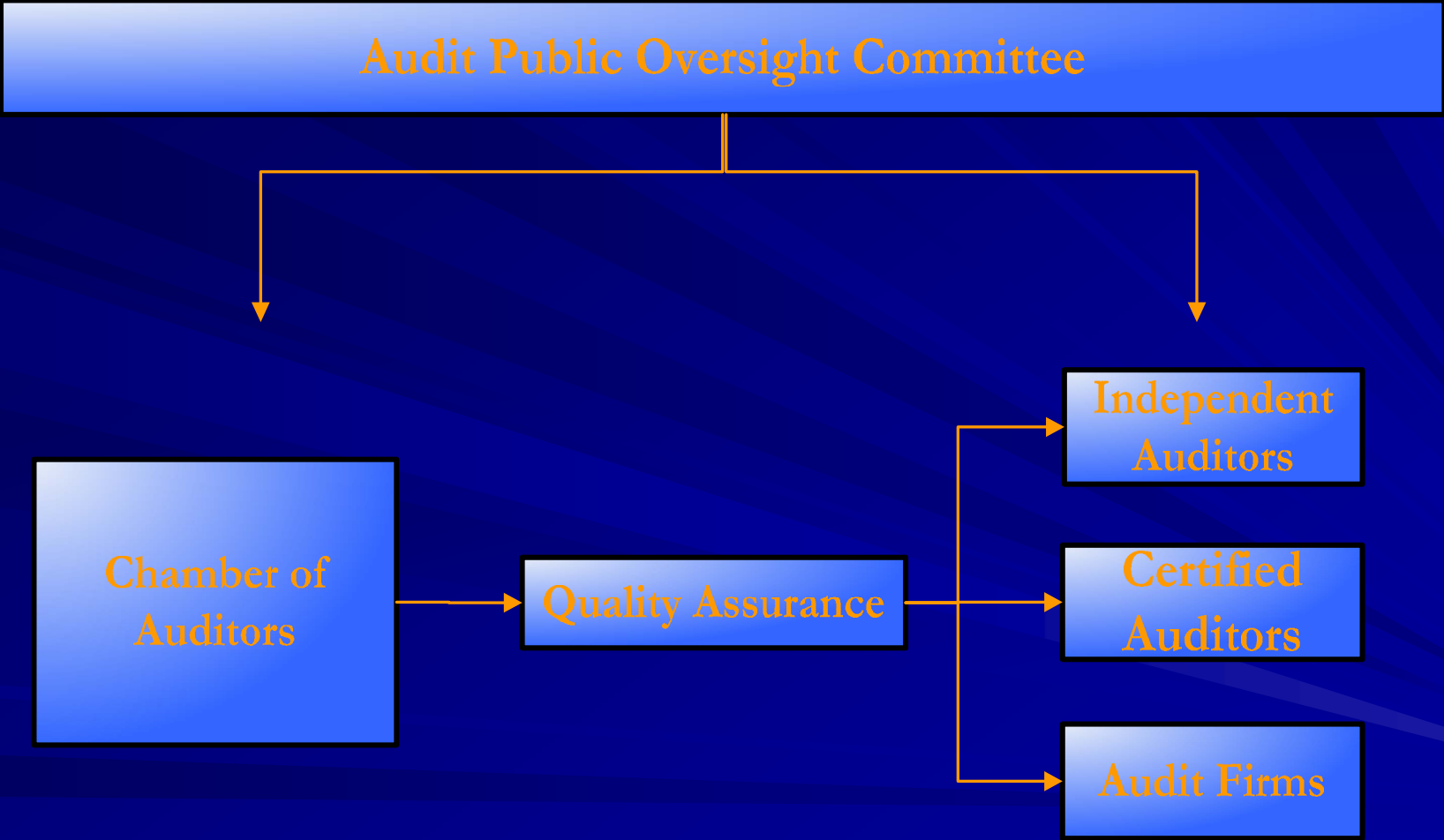
- Legal framework
- Composition
- Current status
- Responsibilities
- Other activities
- Supervision of the Chamber of Auditors
- Supervision of audit firms, independent auditors and certified auditors
- Reporting requirements
- Conclusion – Challenges in the future

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Legal framework

- Audit Act (2005) – amended in December 2008
- Competences:
  - oversight of Chamber of Auditors, audit firms, independent auditors and certified auditors
  - cooperation with public oversight bodies of EU Member States and third countries

# Croatia's Public Oversight System



# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Composition

- Seven members
- Appointed/removed by the Government upon proposal of the Minister of Finance
- Term of office: 4 yrs
- Reappointment limited to 1 term

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Composition (cont.)

- Requirements for **all** Audit Public Oversight Committee members:
  - Second-level university degree in law (2) or economics (5)
  - not employed by the Chamber and not a member of any of its bodies
  - at least 5 years' experience (accounting, auditing, finance or judiciary)
  - not convicted of a criminal offence (safety of payment transactions and operations)

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Composition (cont.)

- Requirements for **the majority of** Audit Public Oversight Committee members (3 yrs prior to appointment):
  - not involved in audit engagements
  - no voting rights in audit firms
  - no membership in managing bodies of an audit firms
  - no employment with audit firms or independent auditor

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Current status

- All members (7) appointed by the Government in February 2009.
- Chairman - Lajos Zager, Ph.D., Faculty of Economics
- Deputy Chairman – Damir Kaufman, Ministry of the Finance
- Secretary – Branka Augustinovic, Ministry of Finance
- Non-practitioners: 6 members

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Responsibilities

- Audit Public Oversight Committee is responsible for the oversight of:
  - issuance and withdrawal of licences and certificates and registration of certified auditors, independent auditors and audit firms
  - adoption and implementation of International Standards on Auditing
  - adoption and implementation of professional ethics
  - internal quality controls of audit firms/ independent auditors

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Responsibilities (cont.)

- Audit Public Oversight Committee is responsible for the oversight of (cont.):
  - realization of permanent education programme,
  - organization of exams and certification,
  - nostrification of certificates,
  - quality control methodology applied by the Chamber of Auditors,

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Responsibilities (cont.)

- Audit Public Oversight Committee is responsible for the oversight of (cont.):
  - quality reviews performed by the Chamber of Auditors,
  - audit fees charged,
  - disciplinary and other measures taken for rectification and sanctioning of irregularities
  - translations, interpretations, expert opinions and explanations issued by the Chamber of Auditors

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Other activities

- The Committee monitors implementation of regulations, proposes amendments to existing regulation and participates in drafting of relevant regulation

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Supervision of the Chamber of Auditors

- AUDIT PUBLIC OVERSIGHT COMMITTEE:
  - is authorized to nullify, abolish or amend the acts adopted by the Chamber
  - has to review the annual activity report of the Chamber (to be submitted to Audit Public Oversight Committee 30 days upon adoption by the Chamber's Assembly)
  - may request relevant reports and information on the activities and tasks performed by the Chamber (audit quality reviews performed by Chamber – Cooperation Agreement between CPOC and the Chamber)

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Supervision of the Chamber of Auditors (cont.)

- If reasonable doubt of illegal actions or irregularities exists the Audit Public Oversight Committee shall:
  - request a report or other information on potential irregularities
  - propose measures for their elimination
  - initiate the procedure for determining the responsibility of the Chamber's employee(s)

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Supervision of the Chamber of Auditors (cont.)

- The Minister of Finance may dismiss the Governing Council of the Chamber or remove the Chairman from office, if:
  - significant irregularities are found or,
  - if the Chamber, upon notice of non-compliance does not comply with legal requirements

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Supervision of audit firms, independent auditors and certified auditors

- The supervision is performed through:
  - the Chamber of Auditors,
  - authorized court experts,
  - competent state authorities

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Reporting requirements

- Rules of procedure adopted by the Audit Public Oversight Committee have to be approved by the Government
- Annual work programme and activity report will be published on the website
- Annual activity report has to be submitted to the Government

# AUDIT PUBLIC OVERSIGHT COMMITTEE

## Challenges in the future

- Limited availability of audit quality reviewers
- Practical implementation of audit quality supervision system

[www.javni-nadzor-revizije.hr/english/](http://www.javni-nadzor-revizije.hr/english/)

**THANK YOU**