



IFIAR 2019 Member Profile – MOF

<p><b>1. Jurisdiction</b></p>	<p><b>1.1 Insert the name of the jurisdiction in English:</b></p> <p>Croatia</p>
<p><b>2. Member<sup>1</sup></b></p>	<p><b>2.1 Insert the name of the Member, both in the local language and in English:</b></p> <p>Ministarstvo financija (MF)</p> <p>The Ministry of Finance (MOF)</p> <hr/> <p><b>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</b></p> <p>The Ministry of Finance                      5 Katančićeva                      10 000 Zagreb                      Croatia</p> <p>tel: +385 1 45 91 171                      fax. +385 1 45 91 101                      e-mail: nadzor.revizije@mfin.hr</p> <p>Website: <a href="http://www.mfin.hr">www.mfin.hr</a></p> <hr/> <p><b>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</b></p> <p>The Audit Act was adopted by the Croatian Parliament and published in the Official Gazette, No 127/17 and entered into force on 1 January 2018.</p> <p>According to the Audit Act, the Ministry of Finance (of the Republic of Croatia) is designated as a competent authority that meets all the necessary requirements under the <i>Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts</i> (hereinafter referred to as: the <i>Directive 2014/56/EU</i>) and the <i>Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities and repealing Commission Decision</i></p>

<sup>1</sup> In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.



2005/909/EEC (hereinafter referred to as: the Regulation (EU) No 537/2014), so that the function of supervision (quality assurance and public oversight) (for efficiency and economy) is unified in one authority by applying a single supervisory procedure and supervisory measures for all statutory auditors and audit firms regardless of whether or not they perform audits of public-interest entities.

According to the new Audit Act, the Croatian Audit Chamber`s (hereinafter referred to as: the Chamber) supervisory role, the tasks of issue and withdraw approvals for statutory auditors and audit firms, keeping a register of statutory auditors and audit firms as well as the powers of the Audit Public Oversight Committee (hereinafter referred to as: the Committee) that ceased work, are taken over by the Ministry of Finance.

The Ministry of Finance as the competent authority for supervision (quality assurance and public oversight) of audit firms, statutory auditors and other supervisory entities is authorized:

- to conduct supervision (quality assurance and public oversight) and other procedures over statutory auditors and audit firms and other subjects to supervision established by the Audit Act and *the Regulation (EU) No 537/2014*, and to impose supervisory measures and undertake other actions aimed at the removal of the identified illegalities and irregularities
- to issue and withdraw approvals for statutory auditors and audit firms and other authorizations, approvals and registrations for which it is authorized pursuant to the Audit Act and, where applicable, *the Regulation (EU) No 537/2014*, as well as other regulations
- to keep registers and other records in accordance with the provisions of the Audit Act and *the Regulation (EU) No 537/2014* and issue certificates
- to determine the program of aptitude test
- to organize and conduct an aptitude test
- to participate in the procedures of the European Commission regarding the adoption of the International Standards on Auditing
- to adopt implementing regulations necessary for the implementation and/or alignment with the opinion of the Committee of European Auditing Oversight Bodies (CEAOB) when necessary for the implementation of the Audit Act and *the Regulation (EU) No 537/2014*
- to carry out other tasks in accordance with the provisions of the Audit Act, *the Regulation (EU) No 537/2014* and other regulations, which among other things include monitoring of the implementation of continuing professional training of statutory auditors.

**2.4 Have there been any major changes to the Member’s organization or to the governing legislation since completing last year’s Member Profile?**

Yes                       No

**If yes, please describe these changes with an appropriate level of detail:**



	<p>According to the new Audit Act, the Chamber`s supervisory role, the tasks of issue and withdraw approvals for statutory auditors and audit firms, keeping a register of statutory auditors and audit firms as well as the powers of the Committee that ceased work, are taken over by the Ministry of Finance (of the Republic of Croatia), which is designated as a competent authority that meets all the necessary requirements under <i>the Directive 2014/56/EU</i> and <i>the Regulation (EU) No 537/2014</i>, so that the function of supervision (quality assurance and public oversight) (for efficiency and economy) is unified in one authority by applying a single supervisory procedure and supervisory measures for all statutory auditors and audit firms regardless of whether or not they perform audits of public-interest entities.</p>
<p><b>3. Governing Body Composition and members</b></p>	<p><b>3.1 Describe with an appropriate level of detail the current composition of the Member`s governing body, including the ratio between Board members who are independent from the audit profession and those who are not<sup>2</sup>. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</b></p> <p>According to the organizational structure, the Ministry of Finance isn't structured in a way to have a governing body.</p> <p>Pursuant to the Decision on Amendments to the Decision on Internal Organization of the Ministry of Finance (Official Gazette No 26/18 from 26 March 2018 - hereinafter referred to as: the Decision) has been established organization unit: Independent Sector for the issuance of an approval for work and supervision of statutory auditors and audit firms.</p> <p>The Decision, the Sector is structured as follows:</p> <ul style="list-style-type: none"> <li>- Service for the issuance of an approval for work of statutory auditors and audit firms</li> <li>- Service for the supervision of statutory auditors and audit firms.</li> </ul> <p>The work of the Sector is managed by the Head of Sector who is a civil servant.</p> <p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</b></p> <p>The professional conditions for the Head of Sector are:</p> <ul style="list-style-type: none"> <li>- completed undergraduate and graduate university study or integrated undergraduate and graduate university study or specialist graduate professional study of economic or law profession</li> <li>- passed a state exam</li> </ul>

<sup>2</sup> An individual is independent of the profession even if he is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



	<ul style="list-style-type: none"> <li>- at least 4 years of work experience in appropriate jobs</li> <li>- knowledge of English</li> <li>- knowledge of work on a personal computer.</li> </ul>
	<p><b>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p>Authorized civil servant of the Ministry of Finance (hereinafter referred to as: authorized civil servant) which carries out the supervision of the subjects to supervision must be independent in relation to the subject to supervision that is the object of supervision and there shall be no conflict of interests between authorized civil servants and subjects to supervision that are object of supervision.</p> <p>The authorized civil servant shall be deemed not to be independent in relation to the subject to supervision if:</p> <ol style="list-style-type: none"> <li>1. they are a co-nominee, i.e. or a co-obligor, witness, expert or a person authorized to represent</li> <li>2. they are a blood relative in the direct line of descent and in the collateral line of descent up to the fourth degree included, a spouse or a non-marital partner or relative by marriage up to the second degree included, even after the termination of marriage, of the subject to supervision or a person authorized to represent</li> <li>3. they are related to subject to supervision or a person authorized to represent as a custodian, adoptive parent or adopted child</li> <li>4. they are in a close personal relationship with the subject to supervision or a person authorized to represent</li> <li>5. they are in an economic, financial or other business relationship with the subject to supervision or a person authorized to represent</li> <li>6. they act in a discriminatory way against the subject to supervision</li> <li>7. there are other reasons determined which give rise to doubt as to the impartiality of an authorized civil servant.</li> </ol>
	<p><b>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</b></p> <p><input type="checkbox"/> Yes                      <input type="checkbox"/> No</p>
	<p><b>3.5 If the answer to question 3.3 is “No”, which safeguards are in place to provide for the Member’s overall independence from the audit profession?</b></p> <p>-</p>



	<p><b>3.6 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p> <p>An authorized civil servants carrying out the supervision of statutory auditors and audit firms, must amongst other things, to meet the following conditions:</p> <ol style="list-style-type: none"> <li>1. not be employed or in another relationship with the audit firm that is the subject of supervision</li> <li>2. at least three years have passed since the date of termination of their status as a partner, employee or other form of liaison with the audit firm that is the subject of supervision.</li> </ol>
	<p><b>3.7 Other than the governing body, are members of the profession involved in the Member’s organization (including in any inspections, committee or panel role)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes, please describe their role with an appropriate level of detail, including the ratio between those who are independent and those who are not in the relevant function and whether such role includes decisional or control authority:</b></p> <p>Exceptionally, within the implementation of the supervision the assistance to authorized civil servants may be provided by external experts who are independent and are not in conflict of interest with respect to the subject of supervision to which the specific task refers to, which they are confirmed by a statement and who fulfil the conditions referred to in paragraph 1, item 3.3. and paragraph 1, item 3.6. of this Member’s Profile, if their work is planned and supervised by authorized civil servants.</p> <p>The Ministry of Finance is authorized to periodically set up an advisory council for the provision of professional assistance in the performance of certain tasks within the scope of its competence prescribed by the Audit Act and <i>the Regulation (EU) No 537/2014</i>. The members of the advisory council are independent and not in conflict of interest with respect to the subject of supervision to which the specific task refers to, which they are confirmed by a statement.</p>
<b>4. Funding Arrangements</b>	<b>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</b>



	<p>Salaries to authorized civil servants of the Ministry of Finance are paid out from the state budget.</p> <p>Fees and compensations that have to be paid in accordance with the Audit Act are an earmarked revenue of the state budget and are used for the education of authorized civil servants of the Ministry of Finance for the purpose of acquiring specific knowledge in the area of supervision, for the compensations for the work performed by the members of the advisory council and by external experts, for the costs of business trips in relation to the performance of the supervision and for software solutions necessary for the performance of the tasks prescribed by this Act and by <i>the Regulation (EU) No 537/2014</i>.</p> <p><b>4.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p>
<p><b>5. Inspection System</b></p>	<p><b>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight:</b></p> <p><b>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></p> <p>Supervision of statutory auditors and audit firms is carried out at least once every three years at a statutory auditor and audit firm performing statutory audits of the public-interest entities, i.e. at least once in six years at a statutory auditor and audit firm performing the statutory audit of other entities.</p>



Supervision of statutory auditors and audit firms is carried out on the basis of an analysis and assessment of the risks statutory auditors and audit firms are exposed to or may be exposed to within the performance of audit services, and of the risks the audited entities are exposed to or may be exposed to.

In addition to the above-mentioned risks, when determining the frequency and scope of supervision of statutory auditors and audit firms, the size, impact and significance the statutory auditor and the audit firm have in the audit services market are taken into account, as well as the nature, type, scope and complexity of the activities performed by the statutory auditor and the audit firm and the proposals of supervisory bodies authorized to supervise entrepreneurs whose business operations is regulated by special regulations.

Supervision of statutory auditors and audit firms (includes quality assurance and public oversight) implies the examination and verification whether and how the statutory auditor and audit firm acts in accordance with the provisions of the Audit Act and, where applicable, of *the Regulation (EU) No 537/2014*, as well as, in line with national standards and own rules, and the supervision of the quality assurance of work performed by statutory auditors and audit firms, which implies the assessment of adherence to valid audit standards and requirements of independence, quantity and quality of engaged funds, calculated audit fees and internal quality control systems of the audit firm, supported by appropriate testing of selected audit files.

The Ministry of Finance carries out supervision:

1. by direct supervision, in the business premises of the subject to supervision or of the person with whom/which the subject to supervision is associated directly or indirectly, in terms of business, management or capital, or entrusted with important audit functions, by reviewing the original documentation, by checking and estimating the organization and the entire business operations of the subject to supervision and by talking to the members of the management, i.e. to executive directors and members of the supervisory board and, if applicable, to other relevant persons, in accordance with the purpose and the scope of the supervision, and in the business premises of the Ministry of Finance
2. by indirect supervision, in the business premises of the Ministry of Finance, by collecting, verifying and analyzing reports, notifications and data that the subjects to supervision are obliged to publish, prepare and/or submit, within the prescribed deadlines or at the request of the Ministry of Finance, or to notify it in the event of the existence of prescribed facts and circumstances, and by monitoring, collecting, verifying and analyzing documentation, notifications and data obtained at the request of the Ministry of Finance from other sources, in accordance with the purpose and the scope of the supervision.

The direct supervision may be regular or exceptional.



<p><b>6. Audit and Financial Market</b></p>	<p><b>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member’s oversight or mandate.</b></p> <p>On 5 October 2018, 230 audit firms were registered in the register of audit firms.</p> <p>On 31 December 2018 there were 296 public-interest entity.</p> <hr/> <p><b>6.2 What are the sizes and market shares of each of the largest audit firms in the Member’s jurisdiction?</b></p> <p>According to publicly available data, the share of the four largest companies in TOP 10 companies in the activities 69,20 - Accounting, bookkeeping and auditing activities; tax consultancy, according to total revenue (2017) totaled 48.53%, and relates to the following audit firms:</p> <ul style="list-style-type: none"> <li>- KPMG Croatia d.o.o. - 17.84%</li> <li>- Deloitte d.o.o. - 14.42%</li> <li>- PricewaterhouseCoopers d.o.o. - 9.03%</li> <li>- Ernest &amp; Young d.o.o. - 7.24%.</li> </ul>
<p><b>7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</b></p>	<p><b>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Registration/Licensing</li> <li><input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting</li> <li><input checked="" type="checkbox"/> Permanent Education of Auditors</li> <li><input checked="" type="checkbox"/> Enforcement</li> <li><input checked="" type="checkbox"/> <u>Other: keeping the registers and other records, conducting the examination of competence</u></li> </ul> <hr/> <p><b>7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</b></p> <p>The Ministry of Finance shall issue an approval for the performance of audit services to a natural person who meets the following conditions:</p> <ol style="list-style-type: none"> <li>1. has passed an professional competence exam for statutory auditors, and</li> <li>2. is of good repute.</li> </ol>





The professional competence exam for statutory auditors demonstrates the ability to carry out audit services, the required level of theoretical knowledge of candidates and the ability to apply that knowledge in practice. The professional competence exam is organized and conducted by the Chamber. For each audit exam the Chamber appointed the exam commission composed of the representatives of the Ministry of Finance, members of the academic community who are selected for scientific-teaching qualifications from the exam areas, statutory auditors and other experts with relevant knowledge and experience of at least five years in the area for which they are engaged as members of the exam commission. After the candidate passes the professional competence exam, the Chamber shall issue him a certificate of passing the audit exam which is an administrative act.

The Ministry of Finance shall decide on the request for the issuance of an approval within 30 days from the date of the receipt of the due request.

If the applicant submitting a request for the issuance of an approval does not remove the deficiencies of the request in accordance with the conclusion within the deadline set by the Ministry of Finance, and it is not possible to act upon the request, the Ministry of Finance shall reject the request by its decision.

After the issuance of an approval, the natural person obtains the title of the statutory auditor.

The approval is a public document.

The Ministry of Finance shall issue an approval for performing a statutory audit to a natural person from another Member State who has received the statutory auditor's approval from the competent authority of its parent Member State, provided that he passes the aptitude test conducted by the Ministry of Finance, which is an examination of the knowledge of the legislation of the Republic of Croatia.

The Ministry of Finance shall issue a decision by which it will register a legal person from another Member State to which the audit firm approval has been issued by the competent authority of the parent Member State for carrying out a statutory audit, provided that:

- the key audit partner carrying out the statutory audit on behalf of that audit firm has the approval issued by the Ministry of Finance
- it has the approval issued by the competent body in its parent Member State

- it submits to the Ministry of Finance the proof of the liability for damages in accordance with Articles 60 and 61 of the Audit Act, which could be committed to third parties by carrying out audit services.

The certificate issued by the competent authority of the parent Member State may not be older than three months.

The audit firm from another Member State may begin to perform a statutory audit only after it has been registered by the Ministry of Finance.

The Ministry of Finance shall notify the competent authority of the parent Member State of the registration of the audit firm of that Member State.



On the basis of reciprocity, the Ministry of Finance may issue the approval for the statutory audit performance to a natural person from a third country who has been granted an approval by a competent authority from the third country if he has submitted a request along with the evidence on the fulfilment of the equal conditions relating to the issuance of an approval for statutory auditors, good repute, audit exam and if he passes the aptitude test.

To the certain conditions, the Ministry of Finance shall, on their request, register a third country auditor, i.e. a third country audit entity, if they issue an audit report on the annual financial accounts or annual consolidated financial accounts of the issuer having headquarters outside the European Union, the transferable securities of which are included in the regulated market in the Republic of Croatia in accordance with the act regulating the capital market, except in the case of the issuers of debt securities that are still in circulation and to which one certain conditions apply.

**7.3 If the Member has the responsibility for Audit and/or Ethics Standard Setting, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?**

Directly

Through Oversight

**If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.**

The Republic of Croatia directly applies the International Standards on Auditing adopted by the European Commission.

The power to translate all other standards not provided by the European Commission has the Chamber in accordance with the Audit Act.

The public authority powers of the Chamber are include:

1. to translate and publish to the Croatian language the International Standards on Auditing, unless these standards have been adopted by the European Commission
2. to adopt national audit standards for performing other audit services that are not covered by the International Standards on Auditing and other standards issued by the International Federation of Accountants (*IFAC*), and to provide their interpretations, subject to the prior consent of the Ministry of Finance
3. to translate and publish the ethical standards of the accounting profession issued by the International Federation of Accountants (*IFAC*).



	<p>The administrative supervision of the work performance of the Chamber, in the part related to the performance of assigned public authority powers are carried out by the Ministry of Finance.</p> <p>For the purposes of the Audit Act, the provisions of the code of ethics for professional accountants adopted by the <i>International Ethics Standards Board for Accountants (IESBA)</i>, which have been translated and published in the Official Gazette of the Republic of Croatia, unless they are in contradiction with the provisions of the Audit Act.</p> <p>The Chamber is managed by the Governing Board which:</p> <ol style="list-style-type: none"> <li>1. publish the translations of the International Standards on Auditing adopted by the International Federation of Accountants (IFAC) until they are adopted and published by the European Commission</li> <li>2. publish the national standards that it adopts for the performance of services that are not covered by the International Standards on Auditing adopted by the International Federation of Accountants (IFAC)</li> <li>3. adopt a code of professional ethics for statutory auditors.</li> </ol> <p>The Governing Board of the Chamber of Auditors has seven members:</p> <ol style="list-style-type: none"> <li>1. President</li> <li>2. member appointed by the Ministry of Finance</li> <li>3. five members elected by the General Assembly among statutory auditors registered in the register, provided that they are employed by the audit firm or by an independent auditor. Only one member can be elected from the same audit firm.</li> </ol> <p>The Chamber publishes the following documents in the Official Gazette and on its website:</p> <ol style="list-style-type: none"> <li>1. Decision on the publication of International Standards on Auditing, unless they have been adopted by the European Commission</li> <li>2. Decision on the publication of national standards it adopts in relation to areas not covered by International Standards on Auditing and other standards adopted by the International Federation of Accountants (IFAC)</li> <li>3. Decision on the publication of ethical standards.</li> </ol> <p>The Ministry of Finance gives its opinion on the annual report on the work of the Chamber.</p> <p><b>7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education of Auditors conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input checked="" type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a</b></p>
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	<p><b>description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>The statutory auditor has the obligation to continuously improve his professional experience in the field of audit services for at least 120 hours within an uninterrupted period of three years from the date of the issuance of an approval and report the Ministry of Finance on the fulfilled obligation at the latest on the day of expiry of that period.</p> <p>The Ministry of Finance, the Chamber and other organizers may organize and carry out continuing professional training. The Ministry of Finance conducts continuing professional training according to the program that it publishes publicly. The Chamber and other organizers carry out continuing professional training according to the programs approved by the Ministry of Finance and they publish them publicly.</p> <hr/> <p><b>7.5 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Referral</p> <p><b>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>The Ministry of Finance may impose one or more of the following supervisory measures:</p> <ol style="list-style-type: none"> <li>1. ordering to the subject to supervision to stop taking certain actions and to refrain from repeating certain actions</li> <li>2. issuing a public warning, in which at least the responsible subject to supervision and the type of illegality and irregularity are mentioned, which is published on the website of the Ministry of Finance</li> <li>3. ordering to eliminate an illegality and/or irregularity</li> <li>4. ordering a temporary ban to a statutory auditor, audit firm and key audit partner to perform statutory audits and/or signing audit reports in accordance with the act regulating the misdemeanor proceeding</li> <li>5. determining that the audit report does not meet the requirements referred to in Article 58 of this Act and, where applicable, Article 10 of <i>the Regulation (EU) No 537/2014</i></li> <li>6. ordering a temporary ban to a member of the audit firm to perform a function in the audit firm or to a member of the administrative or management body of the public-interest entity to perform a function in the public-interest entity, in accordance with the act regulating the misdemeanor proceeding</li> <li>7. annulling the decision by which an audit firm or a statutory auditor has been granted the approval, or annulling the decision by which a statutory auditor from another Member State or a statutory auditor from a third</li> </ol>
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country has been granted the approval, annulling the registration to an audit firm from another Member State, to a third country audit entity and to a third country auditor, or ordering the removal from the register referred to in Article 34, paragraph 3 of this Act.  
Supervisory measures shall be imposed by a decision.

In the proceedings conducted in accordance with the act regulating the general administrative proceeding, the Ministry of Finance shall make decisions and conclusions.

Appeals against the decision of the Ministry of Finance is not allowed, but an administrative dispute may be initiated.

It shall not be possible to require the restoration to a prior status within the supervision procedure.

When the Ministry of Finance determines the existence of grounds for suspicion of a criminal offense or a misdemeanor being committed, it shall be obliged to submit a corresponding report to the competent authority, and in the case of criminal offenses that are prosecuted upon the proposition, only if it considers it justified and purposeful.

**7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:**

The Ministry of Finance is also authorized:

- to keep registers and other records in accordance with the provisions of this Act and *the Regulation (EU) No 537/2014* and to issue certificates
- 4. to determine the aptitude test
- 5. to organize and conduct the aptitude test.

Persons the Ministry of Finance has issued the approvals to, i.e. that have been approved the registration by it, must be registered in the appropriate registers kept by the Ministry of Finance. The audit trainees must be registered in the appropriate registers.

The Ministry of Finance keeps the following registers:

1. Register of Audit Firms
2. Register of Independent Auditors
3. Register of Statutory Auditors
4. Register of Audit Trainees
5. Register of Audit Firms and Register of Statutory Auditors from other Member States
6. Register of Statutory Auditors from Third Countries, and
7. Register of Third Country Audit Entities and Register of Third Country Auditors.

The aptitude test is an examination of the knowledge of the legislation of the Republic of Croatia and it includes at least the areas of accounting and auditing, commercial law, tax law and labour law, to the extent they are necessary to carry out a statutory audit in the Republic of Croatia.



	<p>The aptitude test is carried out in Croatian language, Latin script and in writing.</p> <p>Provided that a natural person from another Member State who has received the statutory auditor's approval from the competent authority of its parent Member State has passed an aptitude test, the Ministry of Finance shall issue an approval for performing a statutory audit.</p> <p>With the condition that a natural person from a third country who has been granted an approval by a competent authority from the third country has passed an audit exam, has a good repute and has passed the aptitude test, the Ministry of Finance will issue a permit for work to carry out a statutory audit.</p>
<p><b>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</b></p>	<p><b>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</b></p> <p><b>The Ministry of finance- Tax Administration has the responsibility for supervision of financial reporting.</b></p> <p>The Croatian Financial Services Supervisory Agency (Hanfa) is a supervisory body whose scope of activities and competence cover, among other things, the supervision of financial reporting of markets, financial services and supervised entities providing those services.</p>
<p><b>9. Major Events and Activities</b></p>	<p><b>9.1 Describe any recent major events and activities:</b></p> <p>-</p>