

Cabinet Resolution No. (48) of 2022
Concerning the Executive Regulations of Federal Law No. (12) of 2014
Regulating the Auditing Profession

The Cabinet,

- Having reviewed
- The Constitution;
- Federal Law No. (1) of 1972 Concerning the Competences of Ministries and the Powers of Ministers, as amended;
- Federal Law No. (12) of 2014 Regulating the Auditing Profession, as amended;
- Cabinet Resolution No. (21) of 2016 Concerning the Executive Regulations of Federal Law No. (12) of 2014 Regulating the Auditing Profession; and
- Based on the proposal of the Minister of Economy and the approval of the Cabinet,

Hereby resolves as follows:

Article (1)

Definitions

The definitions mentioned in Federal Law No. (12) of 2014 shall apply to the present Resolution. Otherwise, the following words and expressions shall bear the meanings assigned thereto respectively, unless the context requires otherwise:

- | | | |
|-------------------------------|---|---|
| Fellowship Certificate | : | The fellowship certificate approved by the Ministry. |
| Register | : | Any register of auditors set forth in Article (2) of the present Resolution and created in the Ministry for recording auditors in accordance with the provisions of the Law and the present Resolution. |

- Electronic Auditor Program** : An information system in the information network created by the Ministry to process, manage and store electronic information on auditors' services.
- Law** : Federal Law No. (12) of 2014 Regulating the Auditing Profession, as amended.

Article (2)

Registers of Auditors

Electronic registers shall be created in the Ministry for registering auditors, as follows:

1. Register of Auditors of Natural Persons Who Practice the Profession;
2. Register of Auditors of Natural Persons Who Do Not Practice the Profession;
3. Register of trainee auditors;
4. Register of Auditors of Legal Persons That Practice the Profession, including:
 - a. Local audit firms and companies;
 - b. Branches of foreign audit firms and companies; and
 - c. Natural persons working for an auditor.
5. Register of Auditors of Natural and Legal Persons Practicing Activities Related to The Profession, such as preparation of statutory financial reports, financial and administrative accounting, tax accounting, internal auditing and forensic audit (accounting expert); and
6. Any other registers required by work.

Article (3)

Data for Entry into the Registers of Auditors

The registers referred to in Article (2) of the present Resolution shall include the following data and information:

1. Register of auditors of natural persons who practice the profession and who do not practice the profession and trainee auditors shall include the following data and information:
 - a. Personal information of an auditor, provided that it includes his name, date of birth, date of obtaining the academic qualification, practical experience, address, phone numbers, e-mail and regular mail;
 - b. An auditor's registration number in the register and the date of obtaining the same; and
 - c. An auditor's authorized official signature form
2. Register of auditors of legal persons: The data and information entered therein shall be kept and classified in two files, one of which shall be dedicated for companies and firms established inside the state and the other for branches of foreign audit companies licensed to operate inside the state, in accordance with the provisions of the Law and the relevant legislation, provided that both files include the following data:
 - a. Data of the company, including its name, type and address inside the state, number of its branches, phone numbers, e-mail and regular mail;
 - b. Number of registration in the register and the date of obtaining the same;
 - c. Names of partners and the share of each partner;
 - d. Name of its representatives and authorized signatory; and
 - e. Nationality of the company in respect of branches of the foreign companies.

Article (4)

Requirements for Registration in the Register of Auditors of Natural Persons Who Practice the Profession

1. The following requirements shall be met by any person who is registered in the register of auditors of natural persons who practice the profession:
 - a. He shall be fully competent.
 - b. He shall have a valid ID.
 - c. He shall be of good conduct and has not been convicted of a felony or a misdemeanor against honor or trust, under a final judgment, unless he has been rehabilitated. Moreover, he has not been subject to a disciplinary penalty for reasons affecting the integrity and honor of the profession or the position he occupied, unless three years has passed since the issuance of the final judgment.
 - d. He shall at least hold a bachelor's degree recognized in the state in accounting or any other discipline, provided that he has studied an equivalent of at least fifteen (15) hours in accounting curricula approved by the Ministry.
 - e. He shall hold a valid fellowship certificate.
 - f. He shall have practical experience in the area of auditing of at least five (5) years after obtaining the academic qualification.
2. In addition to the requirements set out in Clause (1) of this Article, the following requirements shall be met upon registering natural persons who are not nationals of the state in the register of auditors who practice the profession:
 - a. He shall have a practical experience in auditing in the state as follows:
 1. One year if he has experience of more than ten (10) years from abroad;
 2. Two years if he has experience of five (5) to ten (10) years from abroad; and
 3. Three years if he has experience of two (2) to five (5) years from abroad.

4. Subject to the preceding clause of this Article, the Minister shall approve the fellowship certificate program, the continuing vocational education programs, the controls and the accredited authorities in this regard.
5. Subject to the provision of Article (19) of the present Resolution, natural persons who are registered in the register of auditors before the date of issuance of the present Resolution shall, if they do not hold a foreign fellowship certificate recognized by the Ministry, adjust their statuses by holding a fellowship certificate within two years from the date of issuance of the present Resolution. Those who hold a foreign fellowship certificate shall continue the hours of continuing vocational education that enable them to equate their certificates and obtain a fellowship certificate within the said period.

Article (5)

Documents for Registration in the Register of Auditors of Natural Persons Who Practice the Profession

The application for registration in the register of auditors of natural persons who practice the profession shall be submitted through the electronic means on the form designated by the Ministry, accompanied by the following documents:

1. Valid fellowship certificate;
2. Valid ID;
3. Certificate of good conduct;
4. A copy of the academic degree certified or equated by the competent authority;
5. A copy of the experience certificate;
6. A colored and recent personal photograph;
7. A specimen of the auditor's authorized signature; and

8. Any other documents required for completing the registration requirements by the applicant under the requirements set forth in Clause (2) of Article (4) of the present Resolution if the registration applicant is a non-national of the state.

Article (6)

Documents for Transfer of Registration in the Register of Auditors of Natural Persons Who Do Not Practice the Profession

The auditor shall submit an application for transfer of his registration to the register of auditors of natural persons who do not practice the profession within no more than thirty (30) days from the date of occurrence of any reason preventing him from practicing the profession through the means designated by the Ministry on the form designated for such purpose, accompanied by the following documents:

1. A letter from the applicant, indicating the reasons for applying for transfer to the register of auditors of natural persons who do not practice the profession; and
2. The certificate of registration or renewal of registration in the register of auditors of natural persons who practice the profession in the form approved by the Ministry.

Article (7)

Re-registration in the Register of Auditors of Natural Persons Who Practice the Profession

The registration in the register of auditors of natural persons who do not practice the profession shall be transferred to the register of auditors of natural persons who practice the profession in accordance with the following controls:

1. An application for re-registration in the register of auditors of natural persons who practice the profession shall be submitted.
2. The requirements for registration in the register of auditors of natural persons who practice the profession set forth in the Law and the present Resolution shall be met.

3. The documents required by the Ministry shall be updated and the requirements set out in Articles (4) and (5) of the present Resolution shall be met.

Article (8)

Documents for Registration in the Register of Auditors of Legal Persons that Practice the Profession

The application for registration in the register of auditors of legal persons that practice the profession shall be submitted through the means designated by the Ministry on the form designated for such purpose, accompanied by the following documents:

1. A copy of the certificates of registration of all natural partners in the company in the register of auditors of natural persons who practice the profession. If one of the partners is a legal person established outside the state, a certificate from the competent authority in its state of nationality, indicating that it obtains a valid license to practice the profession for at least five (5) years shall be submitted.
2. A copy of the partners' IDs.
3. A copy of the company's duly certified articles of association in Arabic.
4. A valid copy of the license issued for the company by the competent authority.
5. A valid copy of the documents of the professional liability insurance contract concluded with one of the insurers operating in the state.
6. Specimens of the auditors' authorized signatures.
7. Any other requirements set out in the present Resolution.

Subject as aforesaid the sole proprietorship of auditors shall be treated as a legal person with regard to the above-mentioned requirements to the extent necessary to be consistent with its nature.

Article (9)

Submission of an Application for Registration of Branches of Foreign Companies in the Register

The application for registration of branches of foreign companies in the register of auditors of legal persons that practice the profession shall be submitted through the means designated by the Ministry on the form designated for such purpose, accompanied by the following documents:

1. A letter indicating that the commercial registration department concerned does not object to the conduct of the registration procedures;
2. A copy of the memorandum and articles of association of the foreign parent audit company, translated into Arabic and duly certified;
3. A certificate that the parent company practices the auditing profession in its home country in accordance with the period set forth in the Law;
4. A copy of the certificates of registration of the branches of the foreign audit company, provided that they are valid and issued by the register of foreign companies;
5. A letter from the parent company, designating the names of representatives of the branches to be registered, its signatories and their places of business in the state;
6. A copy of valid certificates of registration of the representatives of the company's branches in the register of auditors of natural persons who practice the profession;
7. A copy of the valid license issued by the competent authorities for all branches of the company;
8. A valid copy of the documents of the professional liability insurance contract concluded with one of the insurers operating in the state.
9. Specimens of the authorized signatures of the auditors representing the branches of the foreign audit company.

Article (10)

Approval of the Application for Registration of an Auditor in the Register

1. In case of approval of an auditor's application for registration of his name in the register, the following procedures shall apply:
 - a. The applicant shall be notified of the approval of his registration.
 - b. The applicant shall be notified of the necessity to pay the registration fees.
 - c. The applicant's signature on the undertaking, set forth in Article (12) of the Law, shall be ensured.
 - d. An electronic certificate shall be issued by the Ministry to indicate the registration of the auditor's name in the register. Such certificate shall include the data set forth in Article (13) of the Law and any other detailed data.
2. Registration in the registers set forth in the present Resolution shall be valid for three (3) years from the date of written approval of the registration application, unless the registered auditor is no longer meets the requirements set forth in the Law and the present Resolution.
3. The registration applicant may file a complaint to the Ministry within fifteen (15) days from the date of being informed of the rejection of the registration application.
4. Subject to the preceding clause of this Article, the registration applicant may resort to the competent courts to file a challenge against the Ministry's decision on the complaint within thirty (30) days from the date of the resolution of the Ministry.

Article (11)

Renewal of Registration in the Registers of Auditors

1. An application for renewal of registration in the registers of auditors who practice the profession shall be submitted to the Ministry on the form designated for such purpose within sixty (60) days preceding the expiry of the valid registration. The application shall be accompanied by the following documents:

- a. A copy of the valid ID of natural auditors;
 - b. A valid copy of the documents of the professional liability insurance contract concluded with one of the insurers operating in the state;
 - c. A valid fellowship certificate;
 - d. A copy of the license issued by the competent authorities as for legal persons;
 - e. Implanting training programs concerning audit firms and companies; and
 - f. Any other requirements set forth in the present Resolution.
2. Registration in the register of auditors shall be renewed for a period of not less than one (1) year and not more than three (3) years at the request of the registration applicant.
 3. The auditor's registration shall be cancelled if the auditor fails to renew his registration for ten months from the date of expiry thereof, provided that a new application shall be submitted to renew his registration in accordance with the provisions of the present Resolution.
 4. Subject to the preceding paragraph, the auditor may file a complaint about the cancellation of registration as set forth in Clause (3) of this Article if the delay in renewing the registration is justifiable. The Minister may, if the complaint appears well founded, cancel the decision according about which the complaint has been filed with regard to the continuation of registration.
 5. The cancellation of the decision about which the complaint is filed shall not prevent the imposition of a fine for the delay in renewal of registration. The auditor shall pay such fine.
 6. Subject to the preceding clauses of this Article, auditors shall adhere to the continuing vocational education programs as a condition and requirement for renewal of registration.

Article (12)

Notice of Modification or Change

The auditor whose registration data or accompanying documents have been modified or changed shall access his personal account in the electronic auditor program through the website of the Ministry to submit a notice of modification, subject to the following requirements:

1. The notice shall be submitted during the term of his registration in the registers of the Ministry.
2. The notice shall be submitted by marking the data of the electronic program referred to in this Article within a period not exceeding thirty (30) days from the date of occurrence of modification or change.
3. The duly certified documents and papers which confirm the occurrence of the modification or change shall be accompanied.

Article (13)

Registration of Natural Persons in the Training Register

Natural persons shall be registered in the register of trainee auditors in accordance with the requirements set forth in Article (4) of the present resolution, except for the requirement of practical experience.

Article (14)

Method and Requirements of Training

Audit firms and companies shall, upon implementing the training programs developed or approved by the Ministry for those who desire to be registered in the register of trainees, comply with the controls and standards set by the Ministry for the training programs with regard to diversifying the sources and methods of training to include the following fields:

1. Financial and administrative accounting;

2. Tax accounting;
3. External auditing;
4. Internal auditing; and
5. Forensic audit,

Aiming at achieving knowledge and awareness of the following:

1. The economic and commercial legislation in force in the state;
2. Financial, cost and government accounting;
3. Accounting and auditing standards;
4. Rules and ethics of the profession;
5. Preparation of financial statements and reports;
6. Quality controls standards for accounting and auditing firms; and
7. Any other programs required for training and work in the profession.

Article (15)

Register of Natural and Legal Persons Practicing Activities Related to the Profession

The provisions of Articles (3) and (4) of the present Resolution shall apply to the register of natural and legal persons practicing activities related to the profession to extent necessary to be consistent with the nature of such register, provided that the provisions of such register shall apply as determined by the Ministry in this regard.

Article (16)

Controls for Professional Liability Insurance

A professional liability insurance policy shall be issued for the auditor by an insurer licensed in the state. The insurance policy shall meet the following requirements:

1. It shall be issued in the name of the firm or company practicing the profession.

2. It shall cover civil liability and professional errors with regard to damage caused by practicing the profession, unintentional errors and accidental omission, including liability arising from workers of the auditor, whether firms, companies or branches of foreign companies.
3. It shall be valid throughout the period of registration of the firm or company in the register.
4. The insurance coverage amount shall not be less than a percentage of the total annual fees of the firm or company practicing the profession, depending on the segments determined by the Ministry.

Article (17)

Controls for Keeping Records, Files and Data

The auditor shall take the necessary procedures that enable him to keep his clients' records, files and data. To this end, he shall:

1. Notify persons and entities whose accounts are audited by him that the period during which records are kept, referred to in the Law and the present resolution, is not less than five (5) years, commencing from the end of the last financial year during which he audits their accounts;
2. Maintain the confidentiality of the information mentioned in the records;
3. Continue to respect the obligation of keeping records and files in accordance with the provisions of the Law and the present Resolution in case of his suspension, termination or retirement;
4. Notify the Ministry of any data, information or records lost or damaged due to any reason and submit an official statement indicating the reason for loss or damage;
5. Keep an electronic copy of the records, files and data audited by him;
6. Submit an application to the Ministry for transfer of clients' records to another auditor if he is written off from the register in which he was registered, provided that he informs them of the same within no more than fifteen (15) days;

7. Deliver the records to the respective clients or deliver the same to another auditor if he is written off from the registers of the Ministry, provided that the clients' records are transferred in accordance with the provisions of Clause (6) of this Article; and
8. Deliver the documents to the respective clients or destroy such records by punching or shredding by using machines that prevent leakage of information contained therein or disclosure of the same in any way after the expiry of the five (5) years prescribed for record-keeping.

Article (18)

Disciplinary Board and its Working System

1. The Auditors Disciplinary Board formed in accordance with the provisions of Article (28) of the Law shall convene whenever necessary at the call of the Chairman of the Board and at least three members.
2. The quorum of the Board's meetings shall be valid in the presence of the Chairman and at least two members. The Board's decisions shall be issued by the majority of votes of the attending members. In case of a tie, the Chairman shall have the casting vote.
3. The Board's rapporteur shall develop a record to write the minutes, work, recommendations and decisions of the Board.
4. The Board shall issue its decisions within no more than fifteen (15) days from the date of its meeting. The decisions shall be written and reasoned.
5. The Board's rapporteur shall provide the auditor with a copy of the Board's decision by registered mail within no more than ten (10) days from the date of issuance thereof or by one of the means set out in Article (31) of the Law.

Article (19)

Repeals

Cabinet Resolution No. (21) of 2016 Concerning the Executive Regulations of Federal Law No. (12) of 2014 Regulating the Auditing Profession is hereby repealed. Moreover, any resolution or provision contradicting or inconsistent with the present Resolution is hereby repealed.

Article (20)

Publishing and Entry into Force of the Resolution

The present Resolution shall be published in the Official Gazette and shall enter into force after four (4) days from the date of its publishing.

Mohammed bin Rashid Al Maktoum

Prime Minister

Issued by Us:

On: 10 Shawwal 1443 AH.

Corresponding to: 11 May 2022 AD.