



IFIAR 2019 Member Profile – ADAA

<p>1. Jurisdiction</p>	<p>1.1 Insert the name of the jurisdiction in English:</p> <p>Abu Dhabi, United Arab Emirates.</p>
<p>2. Member¹</p>	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Abu Dhabi Accountability Authority (ADAA) جهاز أبوظبي للمحاسبة</p>
	<p>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</p> <p>http://www.adaa.abudhabi.ae United Square Building P.O. Box: 435, Abu Dhabi, UAE Phone: +971 2 6392200 Fax: +971 2 6334122 Hours: Sunday – Thursday: 8:00 AM – 4:00 PM</p>
	<p>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:</p> <p>ADAA was established in accordance with Law No. (14) of 2008. ADAA performs its duties through two groups; the Financial Audit & Examination (FAE) group, and the Performance and Risk Assurance (PRA) group. FAE comprises of three departments; the Financial Audit department, the Financial Examination department, and the Accounting and Auditing Standards department. The Financial Examination department carries out the audit oversight responsibilities.</p>
	<p>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?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

¹ 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.



	<p>If yes, please describe these changes with an appropriate level of detail:</p>
<p>3. Governing Body Composition and members</p>	<p>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 not². The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</p> <p>ADAA is an independent authority of the Abu Dhabi Government under the authority and reporting directly to His Highness Sheikh Mohammed Bin Zayed Al Nahyan, the Crown Prince of Abu Dhabi.</p> <p>ADAA does not have a conventional board; instead it is being governed by a Chairman appointed by an Emiri Decree issued by His Highness the Ruler of Abu Dhabi upon the recommendation of His Highness the Crown Prince of Abu Dhabi.</p> <p>The independence of ADAA’s Chairman and employees is governed and ensured by the following Articles of its law:</p> <ul style="list-style-type: none"> • Article (10), which states “The Chairman, his Deputy or any employee of the Authority must not hold any other public or private employment and must not engage in any financial or commercial or professional business that may conflict with their functions and duties or distort their appearance and integrity. Nor shall they, during the term of their employment, become members of the boards of directors of any of the subject entities.” • Article (11), which states “The Chairman must act independently in the exercise and performance of his functions, duties, and responsibilities and must be neutral and objective. The Chairman must ensure that all employees of the Authority maintain proper standards of independence, neutrality and objectivity”. <p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p> <p>ADAA is governed by a Chairman who is appointed by an Emiri Decree issued by His Highness the Ruler of Abu Dhabi upon the recommendation of His Highness the Crown Prince of Abu Dhabi.</p> <p>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.</p>

² 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.



	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>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? N/A</p> <p>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?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does this include a “cooling-off” period for former auditors?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p> <p>ADAA Chairman should be a non-practitioner or should have at least 2 years as a cool-off period.</p>
	<p>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)?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>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:</p>
<p>4. Funding Arrangements</p>	<p>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</p> <p>ADAA’s fund resources comprise of:</p> <ol style="list-style-type: none"> 1. Annual budget allocated to ADAA from the Government of Abu Dhabi. 2. Funds collected for services provided to non-subject entities. 3. Any other financial resources, which are consistent with the objectives of ADAA and approved by the Crown Prince. <p>4.2 Is the funding free from undue influence by the profession?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>



	<p>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</p> <p>As per Article (17) of Law No. 14: The Authority’s financial resources comprise of an annual budget funded by the government to the Authority after the approval of the crown prince.</p>
<p>5. Inspection System</p>	<p>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <hr/> <p>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>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:</p> <p>N/A</p> <hr/> <p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>Inspections are carried out according to an annual plan prepared based on ADAA internal risk assessment processes, which considers the financial value of subject entities, its impact as well as findings noted in prior years inspections, and approved by His Highness the Crown Prince of Abu Dhabi</p>
<p>6. Audit and Financial Market</p>	<p>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.</p> <p>There are around 110 statutory auditors registered in Abu Dhabi. According to ADAA mandate, ADAA has around 260 Subject Entities.</p> <hr/> <p>6.2 What are the sizes and market shares of each of the largest audit firms in the Member’s jurisdiction?</p> <p>Big 4 firms dominates market with more than 95% share of our Subject Entities.</p>
<p>7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</p>	<p>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</p> <p><input type="checkbox"/> Registration/Licensing <input type="checkbox"/> Audit and/or Ethics Standard Setting</p>



	<p><input type="checkbox"/> Permanent Education of Auditors <input type="checkbox"/> Enforcement <input checked="" type="checkbox"/> Other:</p> <ol style="list-style-type: none"> 1. Regulating the Statutory Auditor appointments. 2. Participating in the Abu Dhabi Technical Forum. 3. Issuing monthly accounting and auditing publications. <hr/> <p>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?</p> <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>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.</p> <p>N/A</p> <hr/> <p>7.3 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</p> <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>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.</p> <p>N/A</p> <hr/> <p>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?</p> <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>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.</p>
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	<p>N/A</p>
	<p>7.5 If the Member has the responsibility for Enforcement, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</p> <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Referral</p> <p>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.</p> <p>N/A</p>
	<p>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:</p> <ol style="list-style-type: none"> 1. Regulating the Statutory Auditor appointments During 2014, ADAA issued the Statutory Auditors Appointment Rules (SAAR) to legislate the mandatory auditor rotation every 4 years with a mandatory cool off period of four years for the statutory auditor and the audit engagement partner. According to the SAAR, Statutory auditors may be reappointed, subject to an annual evaluation by the Subject Entity on the quality of audit services provided and the competence of the audit team while taking into consideration inspection comments raised by ADAA. Also the SAAR added more restrictions over the confidentiality of any information obtained by the statutory auditor during their audit. In addition, ADAA is responsible to monitor subject entities' compliance with the SAAR. 2. Participating in the Abu Dhabi Technical Forum ADAA chairs the Abu Dhabi Technical Forum (ADTF), which is comprised of UAE based audit professionals of the international accounting firms, aiming to eliminate inconsistency in the local interpretation and application of accounting standards thereby improving the comparability and quality of financial reporting in Abu Dhabi 3. Issuing monthly accounting and auditing publications ADAA publishes monthly accounting and auditing publications, which includes guidance for financial statements preparers as well as auditors.
<p>8. Main Other Responsibilities of the Member outside the area of Audit Oversight</p>	<p>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:</p> <p>Special purpose Audit, Review and Examination. Please refer to ADAA Establishment Law on http://www.adaa.abudhabi.ae.</p>



<p>9. Major Events and Activities</p>	<p>9.1 Describe any recent major events and activities:</p> <ul style="list-style-type: none"> • ADAA hosts the 10th IFIAR Inspection Workshop (February 2016) • ADAA hosts the MENA Public Sector Leadership Summit in collaboration with the IFAC (November 2015). • ADAA hosts the Public Interest International Forum, in collaboration with the Public Interest Oversight Board (PIOB). (March 2015) • ADAA issues the revised Statutory Auditor Appointment Rules (SAAR) in the subject entities to ensure that financial statements audits assignments are awarded in an objective manner to the statutory auditor who demonstrated the highest expertise and best quality. Also the revised SAAR mandates auditor rotation every 4 year (September 2014). • His Excellency, Chairman of ADAA, receives the “Outstanding Individual Contribution” Award from the Institute of Chartered Accountants in England and Wales (ICAEW) (December 2013). • The European Commission recognizes ADAA’s Audit Oversight System and grants it an ‘equivalent status’ with European Union (EU) member states (June 2013). • ADAA hosts the International Public Sector Accounting Standards Board meeting (March 2013). • ADAA hosts the IFIAR 6th inspection workshop (March 2012). • ADAA receives the “Outstanding Contribution by an Organization” Award at the 1st Middle East Accountancy and Finance Excellence Awards (December 2011). • ADAA successfully brings the Certified Public Accountant (CPA) exam of the American Institute of Certified Public Accountants to Abu Dhabi (October 2010). • ADAA establishes Abu Dhabi Technical Forum with the objective of unifying the accounting standards interpretations between ADAA and the audit profession practitioners at the international audit firms in Abu Dhabi (May 2010). • ADAA hosts the IFIAR Plenary Meeting (March 2010).