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ADGM  
Registration Authority  
**Audit Monitoring  
Report – 2024**



# Foreword from the CEO

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**H.E. Rashed Al Blooshi**

Chief Executive Officer

**ADGM Registration Authority**

I am pleased to present the ADGM Registration Authority's (RA) Audit Monitoring Report 2024. As in previous years, high-quality audit continues to be a key regulatory objective for the RA. Meaningful, reliable and timely corporate reporting is vital for trust in capital markets, investor protection, and for safeguarding the public interest. When corporate reporting includes accurate information about a company's affairs, performance and prospects, it builds trust, which in turn helps to grow economic activity and create a more resilient economy.

Last year was a busy and productive year for the RA in the field of audit regulation, marked by several milestones. Most notably, the RA became the 56th full member of the [International Forum of Independent Audit Regulators](#) (IFIAR), reinforcing our commitment to global standards and collaboration.

In 2024, we entered the second year of our risk-based audit onsite inspections using our in-house developed inspection methodology. These inspections were led by RA staff at the offices of ADGM-licensed audit firms and involved a review of the underlying audit work performed by the audit engagement teams.

Over the course of the year, the RA inspected seven audit firms based in ADGM, focusing our supervisory efforts on the largest audit firms in the financial centre. While the findings showed some improvement compared to the previous year, further progress is required. A number of audit files still raised concerns, though none warranted formal disciplinary action. Overall, we



found the responses and action plans submitted by the larger firms to be broadly satisfactory, but continued efforts will be necessary to meet expected standards.

Looking ahead, the RA will continue to expand its inspection programme, increasing coverage across firms of all sizes, as well as the number of audit principals and the number of audit files reviewed. We remain committed to working with audit firms, other audit regulators and authorities both in the UAE and internationally to enhance audit quality and strengthen corporate reporting.

This report outlines the key findings from our inspections, statistics concerning regulatory sanctions and highlights our areas of focus for the remainder of 2025. I strongly encourage members of audit and risk committees, audit partners, audit professionals, investors, and other stakeholders who are interested in corporate reporting and financial audits to read this ADGM RA Audit Monitoring Report 2024.





# 1.0


## Introduction and overview

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ADGM's firm population includes more than **380** Financial Institutions and **29** public companies. As of **31 December 2024**, there were **37 Registered Auditors** (firms) and **132 Registered Audit Principals** (individuals) in ADGM.

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The RA is the commercial regulator for the jurisdiction of ADGM, which includes Al Maryah and Al Reem Islands in the Emirate of Abu Dhabi. As part of its mandate, the RA is the competent authority responsible for registering, supervising, monitoring, and where necessary, it has powers to sanction both audit firms and audit principals operating in ADGM.

There are more than 11,000 ADGM-licensed persons. Not all businesses are required to prepare and lodge annual audited accounts with the ADGM Registrar. However, those who are required to, or voluntarily choose to have a statutory audit of their financial statements, must use an ADGM-Registered Auditor.

Generally, all ADGM Financial Institutions, public companies, private companies, limited liability partnerships and Distributed Ledger Technology (DLT) Foundations are required to have a statutory audit carried out. Audit exemptions are available for certain entities but where an audit exemption is availed, the reporting entity must ensure that all conditions attached to the exemption are followed.

The ADGM Companies Regulations (Auditors) Rules 2025 (Auditors' Framework) is part of the legal framework that governs auditors in ADGM. The enhanced ADGM Auditors' Framework came into effect on December 1, 2021. A key requirement under the Auditors' Framework is the requirement for ADGM auditors to hold the appropriate Additional Permit if they wish to audit ADGM public interest entities and/or Financial Institutions (regulated by the ADGM Financial Services Regulatory Authority).

ADGM's firm population includes more than 380 Financial Institutions and 29 public companies. As of 31 December 2024, there were 37 Registered Auditors (firms) and 132 Registered Audit Principals (individuals) in ADGM. Only these firms and individuals were eligible to carry out statutory financial audits of ADGM entities in 2024.

An audit must comply with the International Standards on Auditing (ISAs) to ensure the integrity and reliability of financial statements. ISAs, established by the International Auditing and Assurance Standards Board (IAASB), provide a comprehensive framework that auditors follow to conduct high-quality audits. These standards require auditors to exercise professional scepticism, maintain independence, and document their findings thoroughly.



## 2.0

# Summary and statistics at a glance

All figures below are as of December 31, 2024  
(with 2023 comparatives):



ADGM total  
population

2023 7,200

2024 **9,887**



Number of public  
companies

2023 20

2024 **29**



Number of audit  
firms

2023 23

2024 **37**



Number of audit  
principals

2023 90

2024 **132**



Number of audit  
files reviewed

2023 12

2024 **21**



Number of files  
with at least one  
finding

2023 11

2024 **14**





Audit firms  
inspected

2023

6

2024

7



Audit principals  
reviewed

2023

9

2024

19



Audit file reviews  
of public interest  
entities

2023

2

2024

3



Number of audit  
firms sanctioned

2023

2

2024

3



Number of  
audit principals  
sanctioned

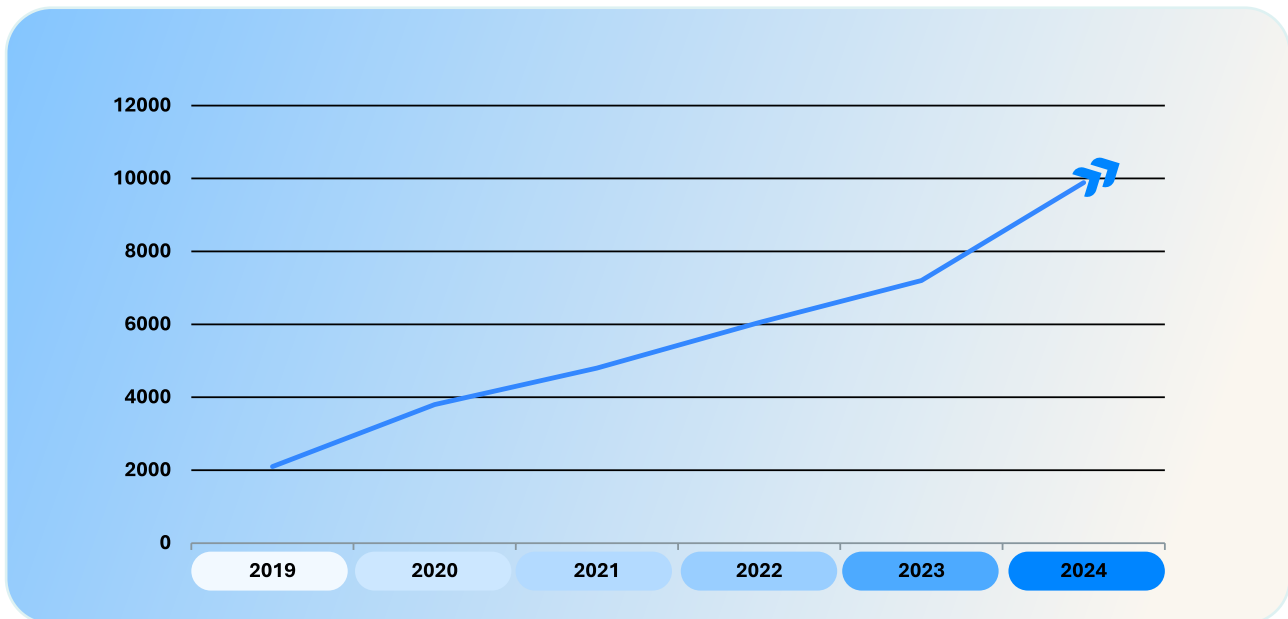
2023

1

2024

3

## ADGM Licensed Persons



In 2024, the RA focused on larger audit firms, conducting inspections of seven firms covering 19 audit principals and reviewing 21 audit files, three of which related to public interest entities.

Although 26% of the audit files reviewed required improvement (impacting three firms), no file was concluded as requiring significant improvement. This is in contrast to the previous year when 67% of files required improvement or significant improvement.

The RA concluded that 48% of files were ‘generally acceptable’, meaning it identified at least one ‘less significant finding’ on each of those files.

The table below outlines the key findings from the RA’s inspections. Some of these findings are recurring from the previous year, highlighting the need for firms to make a concerted effort to continue improving in these areas.

**The most critical area for improvement is around the audit of groups, particularly where component auditors are involved.**

The group auditor must better demonstrate their role in directing and supervising the component auditor’s work, from planning to completion. Clear documentation of how the group auditor assesses the component auditor’s work is essential.

Another recurring issue is the level of involvement of the engagement partner. Audit files should clearly show how the engagement partner has directed the audit. Additionally, the RA identified gaps in audit evidence in some recurring areas, such as revenue.

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## 2024 Key audit inspection findings

#	Finding area	Issue
1	Group audits	Group-level planning procedures were inadequately conducted. Additionally, the record of the review of component auditors' work papers lacked detail. Some files did not sufficiently demonstrate the group team's involvement in directing and supervising the component auditors' work.
2	Involvement of audit engagement partner and quality of their review	In some cases, quality findings were not identified through the engagement partner review process. This highlights the need for more thorough and timely reviews. Active involvement of engagement partners is required throughout the audit process from planning to completion.  <b>The RA is concerned by the recurring nature of this finding.</b>
3	Going concern	Failure to identify all potential risk factors to going concern led to inadequate audit procedures being performed. There was insufficient scrutiny over management's assumptions in forecasts, and a lack of evidence to demonstrate the commitment and ability of third parties to support entities for the required period.
4	Revenue	There was a lack of audit evidence over elements of revenue. Weaknesses included reliance on unaudited information and reports for revenue testing. Other common issues included a lack of audit testing for revenue completeness and concerns over revenue recognition, sometimes due to a poor understanding of the revenue transaction cycle.
5	ADGM Companies' Regulations 2020 (company law)	Six financial statements lacked employee number disclosures required under Section 396. Firms should ensure their clients comply with this requirement. Additionally, standalone financial statements for the parent entity must be filed with the ADGM Registrar alongside group financial statements. Firms should remind clients of this requirement.
6	Fixed assets	Improvements needed in auditing fixed assets, including investments. Some firms failed to obtain sufficient evidence for ownership and existence. When assets were remote, some engagement teams did not design alternative procedures to gather adequate evidence. Additionally, more evidence was required to support valuation of investments, particularly 'level 3' investments.
7	Design and implementation of controls	Two firms failed to adequately assess the design and implementation of controls, with either no or insufficient walkthrough tests recorded on files.
8	Communications with those charged with governance	Three audit files lacked evidence of communication with those charged with governance, emphasising the need for auditors to document the nature, timing, and extent of their communications, both at the planning and completion stages.

## 3.0

# 2024: Audit inspection findings

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In this section, we cover the key findings from the inspections carried out. The significance of each finding drives the grading of each file reviewed and factors into the overall conclusion for each inspection. All audit engagements reviewed were selected using the RA's risk-based approach to file selection.

The RA employs a risk-based approach to file selection, taking into account various factors such as the standing data on the audit firm and its principals, the underlying entity, the entity's public profile, the sector in which it operates, its size and nature, and its significance to the economy and financial system of Abu Dhabi, the UAE, and globally.








## Finding Area 1 – Group audits

Increasingly ADGM auditors are signing audit reports based on audit work conducted by another auditor outside of ADGM. This is usually because an entity's general and financial management, as well as its operations, are located in a different jurisdiction.

The RA identified weaknesses on four files reviewed. Where the primary (ADGM) auditor is relying on the work of component auditors, the RA identified some common findings, as follows:

-  **Planning procedures at group level not being properly conducted, including failure to adequately document understanding of the group and to develop an overall group strategy.**
-  **Documentation of review of component auditors' work papers lacked sufficient detail to facilitate a comprehensive understanding of the work performed.**
-  **Group team did not sufficiently demonstrate their involvement in the work of the component auditors.**

International Standard on Auditing (ISA) 600 (Revised) is concerned with the audit of group financial statements (including the work of component auditors). It is the group engagement partner's responsibility to obtain an understanding of the group, its components, and their environments, including group-wide controls. The RA observed that audit planning had sometimes been conducted for each individual subsidiary entity and that there were no separate group planning procedures to demonstrate an enhanced understanding of the group as a whole.

ISA 600 emphasises the need for the group engagement team to be involved in the work of component auditors to ensure that sufficient appropriate audit evidence is obtained. Further, it is the group engagement team's responsibility to communicate with component auditors regarding the scope and timing of their work and the findings from their work. This means the group file needs to record the ways in which the group team has been involved. This may include recording minutes of meetings and evidencing challenge on the audit file where the group team believe the component team's work has not gone

far enough or has uncovered exceptions which have not been fully explained.

Where group instructions are issued, these should make clear what the group auditor expects of the component auditor and how the component auditor should report their findings to the group auditor. If responses to the group instructions are comprehensive, this could provide a significant amount of comfort that the work can be relied upon. However, where responses are weak, the group team need to do more of their own procedures to be able to rely on the component auditor responses.

Where the component auditors are part of the group auditor's network, the group auditor should not rely solely on inter-office memos.

The group auditor must also evaluate the component auditor's work. The International Standard on Auditing 220 (Revised) is concerned with quality management for an audit of financial statements. In applying ISA 220, the group engagement partner shall take responsibility for the nature, timing and extent of direction and supervision of component auditors and the



review of their work. ISA 600 suggests that a group auditor reviews the component auditors' working papers, particularly for significant components. Review of component auditors' work should be documented in enough detail that the group audit file demonstrates the depth of review. The group auditor's opinion on the work should be clearly documented including record of any challenge of the component auditor and how this was resolved.

Group auditors also need to ensure that they make the necessary arrangements to access component auditors work, particularly when doing this remotely. There were concerns that where a review is being conducted virtually using screen share with the component team, the group team may not be given sufficient time and autonomy to be able to review what they need to review in sufficient detail.



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## Finding Area 2 – Quality of work review and involvement of engagement partner

In some cases, it was determined that the audit review process was ineffective, given the number of audit quality findings. Firms should ensure:



Audit engagement partners are sufficiently involved in the audit process;



An appropriate depth of review is conducted;



The reviews are appropriately recorded on the audit files; and



Reviews should occur in a timely manner such that the team has sufficient time to address any review points well ahead of the audit being signed off.

Audit engagement partners are ultimately responsible for the audit and should be sufficiently involved in the audit process from planning to completion. This should include attendance at key meetings with those charged with governance, attendance at the audit team planning meeting and completion meetings. There should be a clear footprint on the file to show how the audit was directed and supervised including evidence of review of key working papers and significant risk areas. This responsibility **cannot** be delegated to members of the audit team, no matter how senior and experienced they are.

ISA 220 makes it clear that the auditor's objective is to manage quality at the engagement level to ensure reasonable assurance that quality has been achieved. This means the auditor has fulfilled their responsibilities and conducted the audit in accordance with professional standards and applicable legal and regulatory requirements.

To achieve this, the engagement partner must be sufficiently and appropriately involved throughout

the audit engagement. This involvement ensures that the engagement partner can determine whether the significant judgments made, and conclusions reached, are appropriate, given the nature and circumstances of the engagement.

If the engagement partner assigns the design or performance of procedures, tasks, or actions related to a requirement of ISA 220 to other engagement team members, they must continue to take overall responsibility for managing and achieving quality on the audit engagement through direction, supervision, and review of their work.

**This area is a recurring finding the RA emphasises that firms should take robust and decisive steps to address this.** This may mean changes to the 'tone at the top' and teams' working culture. Ways of working may also need to be adapted to ensure engagement partner involvement is sufficiently built into the firm's wider audit processes.





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## Finding Area 3 – Going Concern

The International Standard on Auditing 570 (Revised) covers going concern. It requires auditors to evaluate whether management's use of the going concern basis of accounting is appropriate, covering a period of at least 12 months from the date of approval of the financial statements. This includes the following audit procedures:



**Consideration at the audit planning stage of the entity's ability to continue as a going concern;**



**Identifying potential risk factors to going concern; and**



**Designing and carrying out audit work at the completion and executive stage to address these risks.**

Auditors **must** assess management's evaluation, consider any events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, and determine whether a material uncertainty exists. If such uncertainty is identified, the auditor must ensure it is adequately disclosed in the financial statements and modify the audit report, if necessary. The auditor is also required to document the procedures performed, the evidence obtained, and the audit conclusions reached.

The RA identified weaknesses in firms' going concern procedures at almost every firm visited, impacting seven files. For one firm this was a significant finding.

In some cases, the findings were as a result of insufficient consideration at the planning stage. Firms had not sufficiently identified all potential risk factors to going concern, meaning appropriate procedures were not carried out at the execution and completion stages. Typical risk factors included operating losses and falling revenues, significant borrowings, reliance on shareholders, squeezed cash resources and reliance on bank overdraft facilities.

When it came to carrying out procedures over going concern most firms did obtain forecasts from management. However, firms should remember to ensure the period covered is at least 12 months from the date the financial statements are approved.

In several cases the RA identified that there was insufficient scrutiny over the assumptions made by management in producing their forecasts. Documentary evidence of firms' challenge of management was often omitted and needed to be clearly documented. Where necessary firms may need to also conduct sensitivity analysis to test the resilience of the forecasts under scenarios of financial stress.

Finally, in some cases entities were not able to support themselves and relied on support from a parent company or other shareholders. There was a lack of evidence to demonstrate both the commitment and ability of these third parties to continue to support the entities, to the extent they require, for the appropriate period of time.





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## Finding Area 4 – Revenue

The RA continues to see mixed audit quality in relation to work over revenue. Findings were identified at five out of seven firms visited. For two firms there were significant findings over revenue.

### When auditing revenue, firms should ensure:

- » The revenue transaction cycle is fully understood;
- » The planning procedures include an assessment of the design and implementation of key controls;
- » The understanding obtained at the planning stage is used to design audit tests at the execution stage; and
- » All relevant audit assertions are covered by the testing.

The most significant findings involved reliance on client information without performing sufficient work to be able to rely on it. For example, in one case a team relied on unaudited management accounts information provided by an administrator. The key omission related to how the audit team gained comfort over these numbers which directly impacted the revenue recognised. The audit team needed to perform specific procedures to show why it could place reliance on the numbers. In another case, the audit team needed to document how it was able to rely on system generated reports it used for its revenue testing.

Firms should take care to ensure they are considering all relevant revenue assertions. The most common finding was a lack of audit testing to support the completeness of revenue. This was identified at four firms.

There were cases where revenue testing had been documented but this had been poorly designed and therefore did not provide sufficient audit evidence to support the relevant assertion. This was usually linked to a lack of understanding of the revenue transaction cycle applicable to the entity. Firms should design bespoke testing procedures based on their understanding rather than relying on a standard approach or performing the same work as in the prior year.

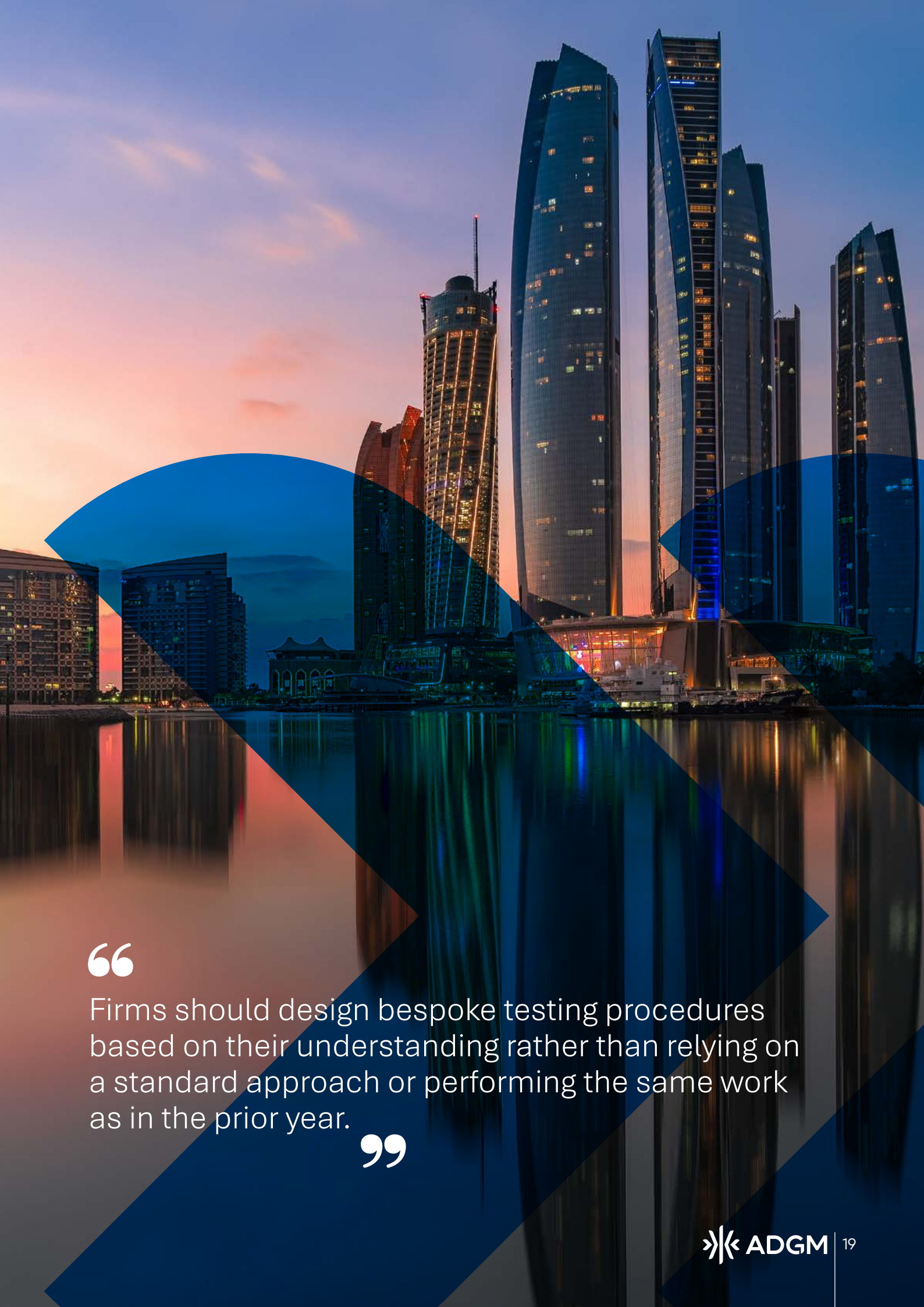
In two cases, there were concerns over revenue recognition. In one example, revenue was

being recognised on a net basis and there was insufficient documentary evidence of how the team challenged management over the appropriateness of this accounting treatment. In the second example, the audit team did not document in sufficient detail how they had confirmed that a payment milestone in a contract met the definition of a performance obligation under International Financial Reporting Standard (IFRS) 15, to allow revenue to be recognised.

The RA also saw one example of the significant fraud risk in revenue recognition being rebutted inappropriately. In this specific case there may have been some justification for rebutting the risk for certain of the audit client's revenue streams, but not all. The team took a standardised approach to risk in revenue as opposed to assessing the distinctive revenue streams on a case-by-case basis. The International Standard on Auditing 240 is concerned with the auditor's responsibilities relating to fraud in an audit of financial statements. The ISA gives the example that the auditor may conclude that there is no risk of material misstatement due to fraud relating to revenue recognition in the case where there is a single type of simple revenue transaction, for example, leasehold revenue from a single unit rental property.

Where revenue streams are not considered simple, greater consideration is needed and the auditor should clearly document justifications for rebutting the risk.





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## Finding Area 5 – Compliance with ADGM Companies Regulations 2020

ADGM Companies Regulations 2020 (CR 2020) outlines the duties of company directors but also the duties and rights of auditors, including the requirement to form an opinion on whether the financial statements give a true and fair view, and to report on whether the financial statements comply with CR 2020. They also provide the framework for the regulation of statutory auditors, including the eligibility criteria for auditors, the registration process, and the oversight of auditors. They grant auditors the right to access a company's books, accounts, and vouchers, and to request information and explanations from companies' officers.

The financial statements for six files did not include information about employee numbers, as

required by Section 396 of CR 2020. Firms should take care to ensure clients are correctly making this disclosure.

Where group financial statements are being prepared, standalone financial statements for the parent entity should also be filed.

The Directors' report should include a statement to the auditor as per Section 403 of CR 2020 and the financial statements should include reference to all group subsidiaries.

The RA identified one instance where an entity appeared to be trading outside of its ADGM commercial licence, and the audit file did not record how the audit engagement team were comfortable with this.

## Finding Area 6 – Audit work over fixed assets

The RA saw some examples where improvements were needed to work over fixed assets, including investments.

In one case, a firm did not obtain sufficient audit evidence to support that a group still owned a material property asset. In another case, a firm was not able to carry out procedures to physically verify material additions and therefore the existence assertion was not fully supported. In both cases, these assets were remote and could not be visited by the audit engagement team. Where this is the case, firms need to develop innovative ways of gathering sufficient evidence through designing alternative audit procedures.

On another file, the audited entity had a highly material investment in a subsidiary which in turn had significant investments in a fund. The audit team considered the audited accounts of the prior

year and reviewed the management accounts for the current year to assess for impairment indicators. Better evidence was needed to show how the audit team concluded on the carrying value.

The RA emphasises the risk in testing the valuation of 'Level 3' investments due to their inherent complexity, lack of market data and the significant reliance on unobservable inputs. To gain sufficient assurance, auditors should understand and challenge valuation models, sensitivity analyses, and independent third-party appraisals. This should involve reviewing the assumptions and estimates used in the valuation process, ensuring they are well-supported and consistent with market conditions. Auditors should also understand the rationale behind their clients' use of a particular valuation model and consider the presence of bias.



## Finding Area 7 – Design and implementation of controls

Two firms did not carry out sufficient audit work to assess the design and implementation of controls, as required by the International Standard on Auditing 315 (Revised). In some cases, there were system notes on files but no walkthrough tests. In another case walkthrough tests had been documented but there was a lack of detail because the underlying system notes did not adequately cover the entire transaction cycle from initiation to financial reporting.

Walkthroughs help auditors understand the flow of transactions and identify where

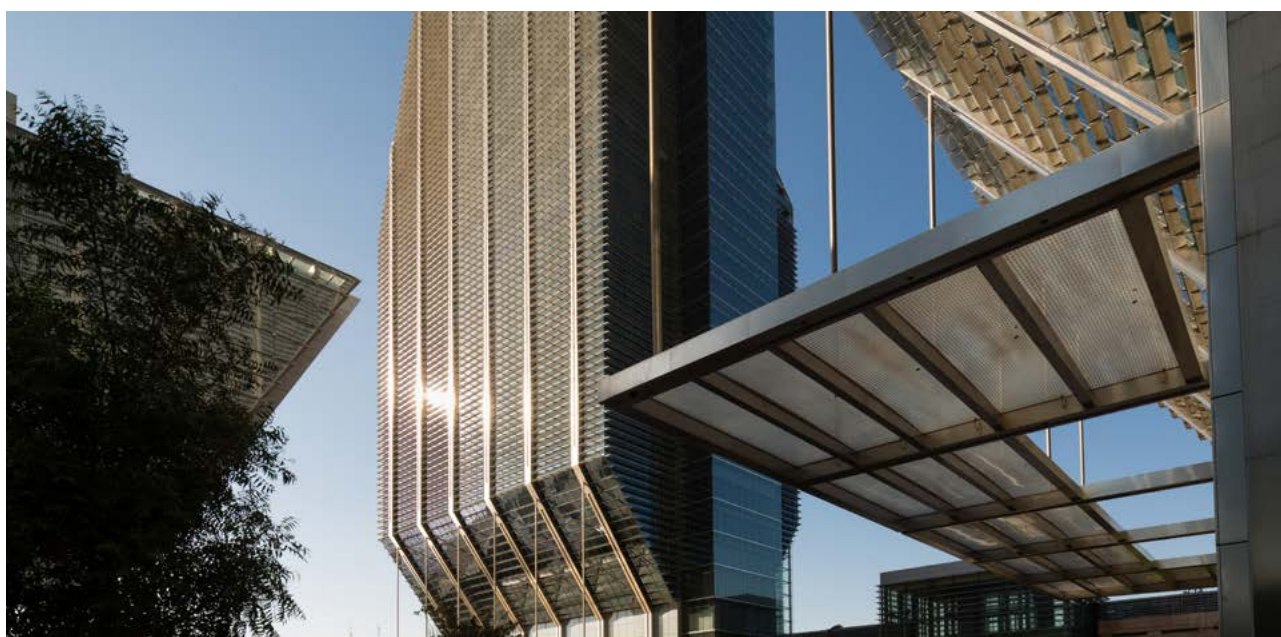
material misstatements might occur. During a walkthrough, firms should follow a transaction from its initiation through the entity's processes until it is recorded in the financial statements. This includes observing the procedures performed, inspecting relevant documents, and interviewing staff at the entity.

This understanding of transaction cycles is key to designing suitable audit procedures, including substantive audit tests. Failures at this stage may have contributed to some of the weaknesses identified in revenue testing.

## Finding Area 8 – Communications with those charged with governance

On three files reviewed there was a lack of documentary evidence to show how the audit team had communicated all relevant matters with those charged with governance at the entity. The International Standard on Auditing 260 (Revised) requires that where matters communicated to those charged with governance are communicated orally, the auditor shall include them in the audit documentation, and when and to whom they were communicated. Where matters have been communicated in writing, the auditor shall retain a copy of the communication as part of the audit documentation.

At the planning stage firms should communicate clearly their responsibilities as auditors, provide an overview of the planned scope and timing of the audit, and obtain information relevant to the audit. At completion, auditors are required to communicate audit matters of governance interest, including significant findings from the audit, any significant deficiencies in internal control, and other matters that may affect the financial statements. The communication should be timely and effective, ensuring that those charged with governance understand all the significant issues arising.



# 4.0

## Enforcement

Effective enforcement action is vital to ensure that those auditors and audit principals who fall short of the high standards of audit quality expected to maintain the integrity of ADGM are penalised appropriately.

In furtherance of the RA's commitment to promote high standards of audit quality in April 2025 the [RA joined the Enforcement Working Group \(EWG\) of IFIAR](#) to enhance its capability to take timely, decisive and proportionate regulatory action.

When taking enforcement actions, the RA Enforcement actively strives toward acting decisively and ensuring procedural fairness is followed.

### The main objectives of taking Enforcement actions are to:

- maintain integrity of ADGM and to prevent, detect and restrain conduct that causes or may cause damage to the reputation of ADGM;
- build confidence by excluding those who lack fitness and propriety and removing or restricting an individual or firm that poses an unacceptable risk to investors;
- protect direct and indirect users and prospective users of the financial and non-financial services in ADGM; and
- create a level playing field.





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## Enforcement Sanctions

Pursuant to the Auditors Rules 2025, the RA may impose various types of sanctions on registered audit firms and registered audit principals depending the seriousness, severity, impact on third parties and other factors. These sanctions include:

- » issue a private or public censure describing the nature of the contravention and may include guidance and any remedial action; or
- » issue a prohibition order prohibiting or restricting a relevant entity from providing or otherwise being involved in the provision of any audit service in ADGM; or
- » enter into an enforceable undertaking on such terms as may be agreed; or
- » impose a financial penalty up to level 8 on the RA's standard fines scale which is up to USD 50,000 per contravention; or
- » suspend or withdraw the relevant entity's registration or additional permits.

## Audit Related Enforcement Actions

The RA has taken a number of enforcement actions in relation to breaches of the ADGM Audit Framework since the framework's introduction in 2021.

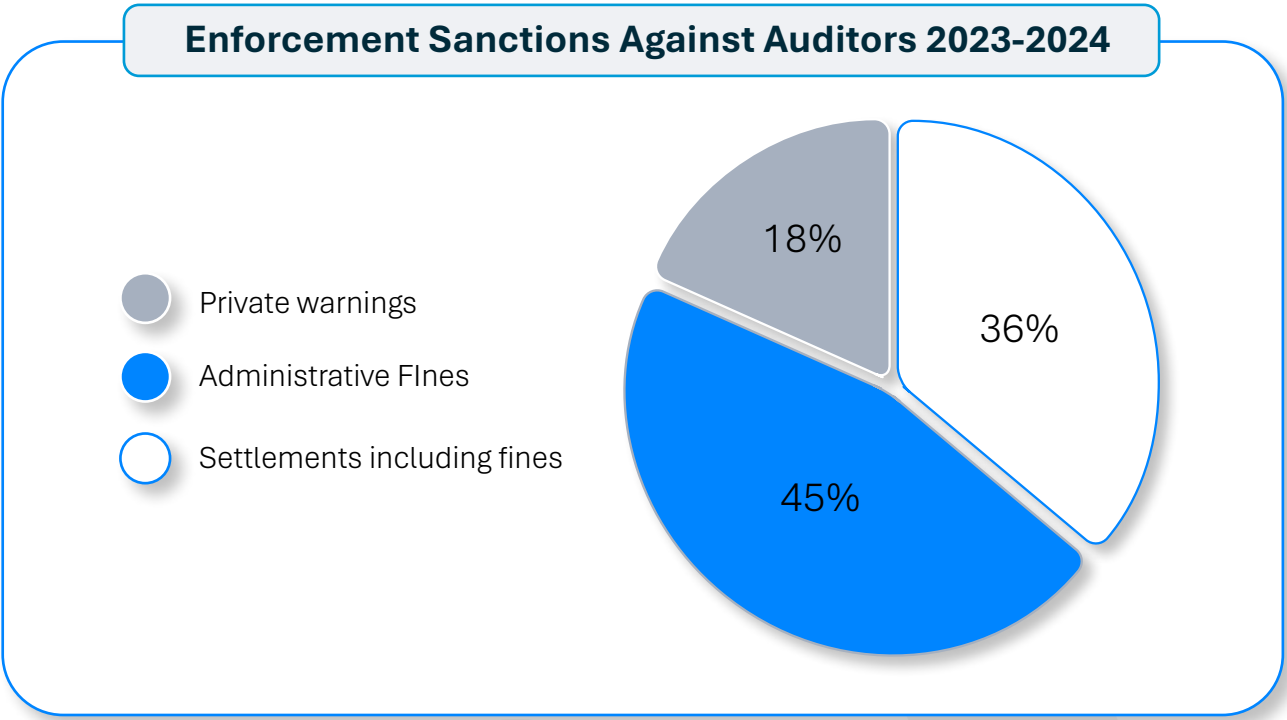
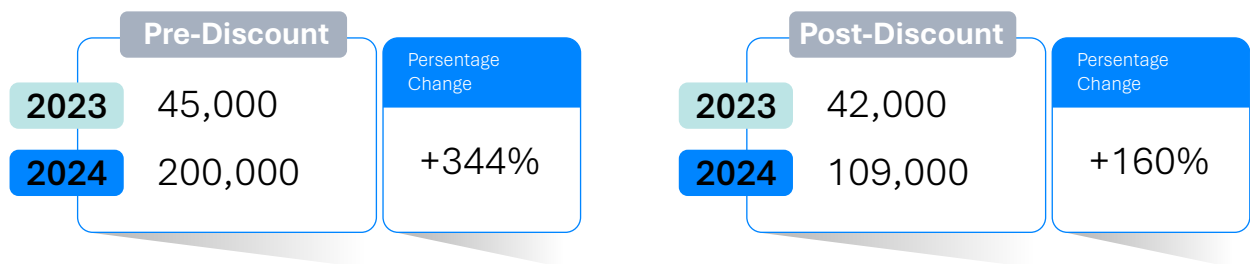
The table below summarises audit related enforcement outcomes following referrals to Enforcement in 2023 and 2024.

Outcome	2023	2024
Administrative Sanctions against audit firms and principals	3	2
Settlement agreements with audit firms and principals	0	4
Administrative Sanctions – default in filing audited accounts against the entity (non-audit firm)	12	0
Warning Letters with immediate remedial action	1	1
<b>Total</b>	<b>16</b>	<b>7</b>



The table below summarises financial sanctions imposed by the RA against ADGM auditors and audit principals in 2023 and 2024.

Enforcement - Financial Sanctions (USD)



# 5.0

## 2025 Areas of focus

#	Area of focus	Detail
1	Groups	As international groups relocate their headquarters to ADGM, firms often rely on component auditors for some or all of the detailed audit work. As the RA has observed varying quality in this area, group audits will continue to be a focus in 2025.
2	Investments	Valuation of investments can be subjective. The RA's focus will be around how firms have professionally challenged valuation models including assumptions and data sources.
3	Going concern	Focus will be on how audit teams challenge management through review of assumptions feeding into forecasts and in assessing both the ability and commitment of investors to continue to support clients.
4	Revenue	The RA will focus on the design of revenue testing procedures and whether they are appropriate to provide sufficient assurance over all relevant audit assertions.
Whole firm procedures		
5	International Standard on Quality Management 1 (ISQM 1)	Firms' ISQM 1 procedures will continue to be discussed and understood by the RA during 2025 monitoring visits. Firms should be prepared to articulate details of their monitoring processes as well as the outcomes of their most recent annual evaluations of their systems of quality management.





# 6.0

## Conclusion

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Auditors play a crucial role in maintaining the integrity and transparency of financial reporting, which is essential for protecting the public interest. By conducting thorough and independent examinations of financial statements, auditors provide an objective assessment of an organisation's financial health and compliance with accounting standards. This independent opinion helps to ensure that the information presented to stakeholders, including investors, regulators, and the public; is accurate and reliable.

Consequently, auditors' work fosters trust and confidence in the financial markets, deters fraudulent activities, and promotes accountability within organisations. Their vigilance and expertise are fundamental in safeguarding the interests of the public by helping ensure financial practices are conducted ethically and transparently.

The RA considers itself to be an improvement regulator that supervises in a manner that is risk-based and proportionate to the circumstances, but will not hesitate to take enforcement action where necessary.

In concluding this report, the RA reminds firms of the critical importance of executing group audits effectively – particularly in light of the growing number of corporate headquarters relocating to ADGM.

Engagement partners must maintain a sufficient level of involvement in the direction and oversight of audit engagements. Audit teams should ensure that substantive procedures are designed effectively to obtain sufficient and appropriate audit evidence, both in nature and depth. A **'stand-back'** approach should be applied to assess whether these key elements have been adequately addressed throughout the audit process.





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# 7.0

## Additional Resources

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The RA regularly publishes new and updates existing resources on the ADGM website. Some key resources include the following:

### 1. Understanding Annual and Event Driven Filing Obligations

Guidance on annual and event driven filings is available here:

<https://www.adgm.com/operating-in-adgm/obligations-of-adgm-registered-entities>

#### Annual Accounts Guidance

For guidance about the accounts' obligations for ADGM companies, please access the Annual Accounts Guidance here:

<https://www.adgm.com/documents/legal-framework/guidance-and-policy/ra/guidance-for-registered-entities/ra-annual-accounts-guidance-v10-09092022.pdf>

### 2. RA Auditors

#### a. Public register

ADGM licensed persons must use an ADGM registered auditor for a statutory audit of their annual accounts. The list of ADGM Registered Auditors (firms) and Registered Audit Principals (individuals), can be accessed here:

<https://www.adgm.com/operating-in-adgm/auditors/find-an-auditor>

#### b. New auditors

Auditor applicants wishing to establish themselves in ADGM can find out more about the process and view the frequently asked questions sections here:

<https://www.adgm.com/operating-in-adgm/auditors/new-auditors>

#### c. Audit Monitoring Report

The RA annually publishes the key findings from its audit monitoring work and the areas of focus for the year ahead. The 2023 report can be accessed via this link here:

<https://www.adgm.com/spotlight/audit-monitoring-report-2023>

#### d. Public interest entity (PIE) threshold

ADGM entities that generate more than US\$ 750 million in revenue and/or have more than 750 employees across the group, will be considered by the ADGM Registrar for designation as a PIE. To find out more, please visit this link here:

<https://www.adgm.com/operating-in-adgm/auditors/public-interest-entities>





### **3. Beneficial Ownership and Control**

For guidance on ADGM's beneficial ownership and control obligations, please access the dedicated beneficial ownership webpage here:

<https://www.adgm.com/operating-in-adgm/obligations-of-adgm-registered-entities/beneficial-ownership-and-control>

### **4. Distributed Ledger Technology Foundations**

For guidance on ADGM's DLT Foundations framework, please access the dedicated DLT Foundations webpage here:

<https://www.adgm.com/dlt-foundations>

### **5. Designated Non-Financial Businesses and Professions (DNFBPs)**

For guidance on AML and TFS obligations for DNFBPs, please access the dedicated DNFBP webpage here:

<https://www.adgm.com/operating-in-adgm/financial-and-cyber-crime-prevention/dnfbps>

### **6. RA Legal Persons & Arrangements Risk Assessment Report**

For more information on the RA's ML/TF risk assessment of ADGM legal persons and arrangements, please refer to the RA LPA Risk Assessment Report available here:

<https://www.adgm.com/registration-authority/lpa-risk-report>

### **7. RA Decision Procedures, Disqualification and Enforcement Manual**

For more information on the RA's approach to enforcement, please refer to the RA Decision Procedures, Disqualification and Enforcement Manual, available here:

<https://www.adgm.com/legal-framework/guidance-and-policy-statements>

### **8. RA Regulatory Alerts**

The RA publishes regulatory alerts about potential misconduct such as fraud or unlicensed activities to inform the public (including investors) so that they take any required action to protect themselves from harm. Regulatory alerts can be accessed here:

<https://www.adgm.com/operating-in-adgm/monitoring-and-enforcement/regulatory-alerts>

### **9. RA Regulatory Actions**

The RA publishes its regulatory actions on the RA Regulatory Actions page, examples of such enforcement actions include imposition of financial penalties, cancellation of licence, imposition of conditions/restrictions on licence, censures, enforceable undertakings, settlement agreements, etc. Regulatory Actions page can be accessed here:

<https://www.adgm.com/operating-in-adgm/monitoring-and-enforcement/regulatory-actions>



## 10. RA Waivers & Modifications

An ADGM Licensed Person may apply to the RA for a waiver or a modification of specific regulatory requirements. Generally speaking, any waivers and modifications the RA issues are published. These can be accessed on this page here:

<https://www.adgm.com/registration-authority/waivers-and-modifications>

## 11. Register of Disqualified Directors

The RA publishes details of directors disqualified from being a director of any ADGM company or prohibited from being concerned or taking part in the promotion, formation or management of any ADGM company for a period of time. The register may be accessed here:

<https://www.adgm.com/operating-in-adgm/monitoring-and-enforcement/register-of-disqualified-directors>

## 12. Public Notices

The RA announces important notifications primarily in relation to voluntary and involuntary strike offs. Public Notices also include liquidations, receiverships, restorations and registered documents where applicable or required to be published by the Companies Regulations 2020.

<https://www.adgm.com/registration-authority/public-notices>

## 13. Complaints

The RA manages and assesses complaints concerning potential contraventions of the ADGM's commercial legislation or activities that may cause damage to the reputation of ADGM. Information on how to submit a complaint to the RA can be accessed here:

<https://www.adgm.com/registration-authority/complaints>

## 14. Late Filings to the Registrar

The RA has a statutory duty to maintain the ADGM register of companies. To ensure the register's accuracy and completeness, there are deadlines for submitting filings to the Registrar and penalties for late filings (or failing to file).

Further information, guidance and FAQs on the RA's approach to penalties for late filings, how to appeal a penalty that has been incorrectly issued and what happens if late filing penalties are not paid can be found here:

<https://www.adgm.com/operating-in-adgm/monitoring-and-enforcement/late-filings-to-the-registrar>

## Disclaimer

This report provides information on the Registration Authority's audit monitoring activities. This report is only a guide and should be read together with ADGM's commercial legislation, including relevant regulations and enabling rules (which may change over time without notification). Further advice from a specialist professional may be required. The Registration Authority makes no representations as to the accuracy, completeness, correctness or suitability of any information and will not be liable for any error or omission. The information contained in this strategy document may be subject to change, without prior notice.

Information in this document is not to be deemed, considered or relied upon as legal advice and should not be treated as a substitute for specific advice concerning any individual situation. Any action taken based on the information provided in this document is strictly at your own risk and the Registration Authority will not be liable for any loss and damages in connection with the use of or reliance on information provided in this document.



# Path to Forward



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