



جهاز أبوظبي للمحاسبة
ABU DHABI ACCOUNTABILITY AUTHORITY

Accountability Report

2019



معاً نحمي المال العام

Together Safeguarding Public Funds



”

Today, we stand at a threshold of a new era, whose ultimate objective is to entrench the rule of law and due process, accountability, transparency and equal opportunity.





His Highness Sheikh
Khalifa bin Zayed Al Nahyan
The President of the UAE



”

In the UAE, our people are our most cherished assets, and therefore we are bent on maintaining our long-running investment in building qualified human cadres capable of steering the helm of our country and addressing future challenges.



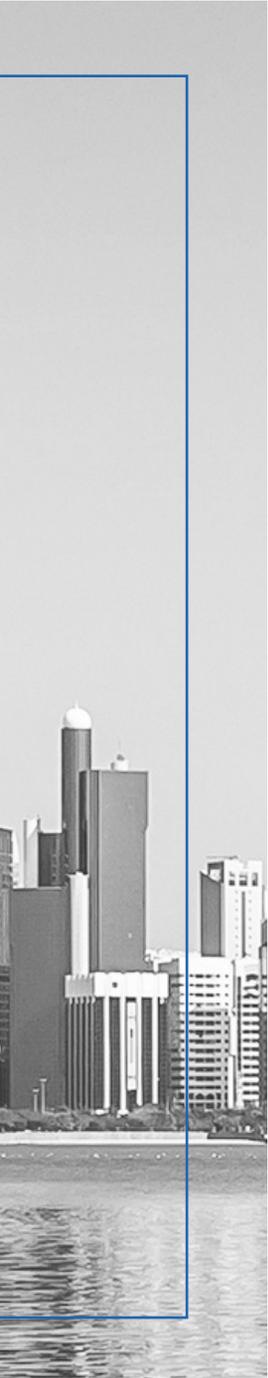


His Highness Sheikh

Mohamed bin Zayed Al Nahyan

The Crown Prince of Abu Dhabi and
Deputy Supreme Commander of the UAE Armed Forces





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2.0 ADAA HISTORY

2.1 ADAA HISTORY

1996

The role of ADAA was **activated** with the issuance of **Decree No.8** of 1996 appointing His Excellency Mohammed Al Marar as the first Chairman.



In April 1997, the Law referred to above was amended to make **ADAA responsible for the post financial control instead of the pre-audit to strengthen its independence.**

1997

2004

In July 2004, **Law No.6** of 2004 was issued to **give ADAA broader authorities.**



2017

In December 2008, **Law No.14** of 2008 (the Law) was issued to shift the role of ADAA from financial control to government audit and added a new objective that is to promote the principles of accountability and transparency. The Law also **changed the name** of the authority from "Abu Dhabi Audit Authority" to "Abu Dhabi Accountability Authority".

On 31 December 2008, Emiri **Decree No.(10)** was issued appointing His Excellency Riyadh Al Mubarak as Chairman of ADAA.

In February 2017, His Highness Sheikh Khalifa Bin Zayed Al Nahyan, in his capacity as Ruler of Abu Dhabi, issued an Emiri Decree **appointing** His Excellency Hamad Mohammad Al Hurr Al Suwaidi as **Chairman of ADAA**.



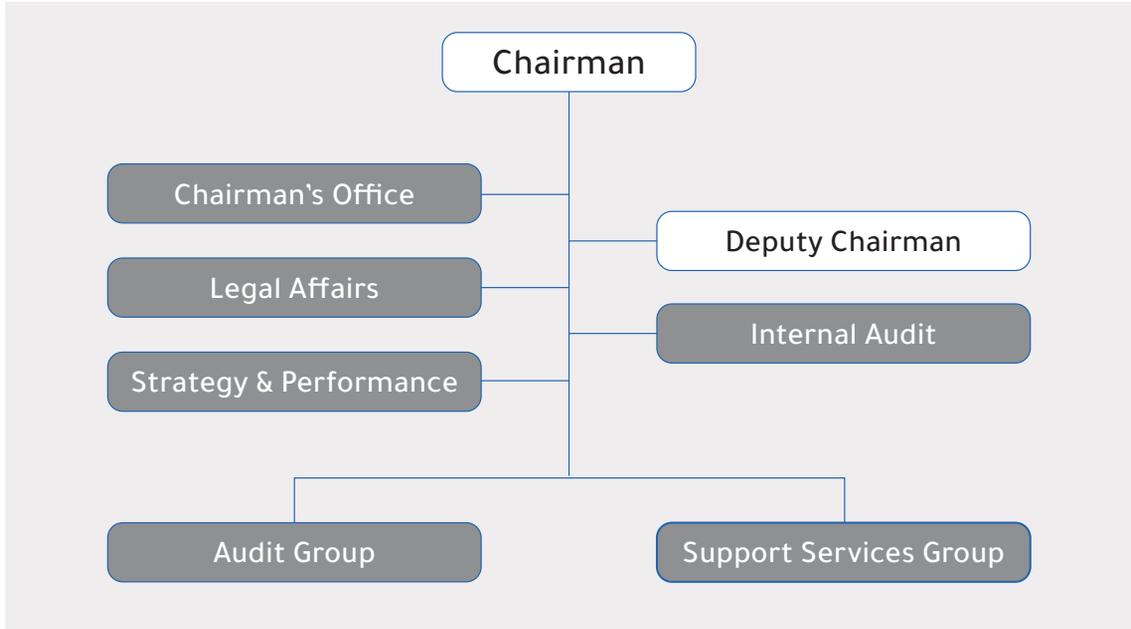
In March 2020, His Highness Sheikh Khalifa Bin Zayed Al Nahyan, in his capacity as Ruler of Abu Dhabi, issued an Emiri Decree **appointing** Humaid Obaid Khalifa Abushibs as **Chairman of ADAA**.

2008

2020

2.1 OUR ORGANISATION STRUCTURE

ADAA has re-designed its organisational structure and operating model to fulfil its responsibilities and achieve its strategic objectives efficiently and with the highest quality.



Late in 2019, ADAA implemented a new sector based structure and cultural transformation initiatives to better align our organization with the Abu Dhabi Government's strategic objectives and priorities.

2.2 OUR PEOPLE

ADAA's people are our most important resource. They include top-tier professionals from multicultural backgrounds and are unified by ADAA's vision, mission and values.

ADAA is committed to developing and attracting Emiratis to the Accounting and

Audit Profession. The Authority has defined career paths and growth plans for all employees and promotes the success of ADAA as one unified and collaborative team. ADAA's people set the example of in professionalism, integrity, and independence.



All ADAA employees commit to the oath before the ADAA Chairman upon joining the Authority as per Article (9) of ADAA law of establishment:



I swear by almighty God to be loyal to the ruler and the country, to honor the constitution and law, to work to safeguard public funds, to perform my duties honestly and sincerely and to maintain the confidentiality of all businesses.



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3.0 OBJECTIVES & RESPONSIBILITIES

3.1 OBJECTIVES

3.2 RESPONSIBILITIES

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OBJECTIVES & RESPONSIBILITIES

Law number 14 of 2008 defines ADAA's objectives and responsibilities as follows:

3.1 OBJECTIVES



- > Ensure public resources and funds are managed, collected and expended efficiently, effectively and economically.
- > Ensure accuracy of the financial reports and compliance of Subject Entities with relevant laws, rules and regulations and governance guidelines.
- > Promote accountability and transparency principles at the Subject Entities.

3.2 RESPONSIBILITIES



- > Audit the Government consolidated financial reports and subject entities' financial reports, and examine subject entities' financial reports.
- > Review performance and risk by examining the efficiency, effectiveness and economy of the financial and operational activities of subject entities.
- > Ensure compliance of subject entities with laws, regulations and rules and governance guidelines.
- > Investigate complaints referred to ADAA, or violations discovered by it, and examine violations investigated by Subject Entities.
- > Provide advice and recommendations and perform other procedures and services to Subject Entities, as the ADAA Chairman deems reasonable and appropriate.
- > Train and qualify UAE National graduates of universities and institutions.
- > Issue regulations, rules, guidelines and standards that enable ADAA to exercise its functions and duties by a resolution of the Chairman.
- > Carry out any other functions and duties requested by the Crown Prince.





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4.0 STRATEGIC FRAMEWORK

- 4.1 VISION, MISSION & VALUES
- 4.2 STRATEGIC PILLARS
- 4.3 GOVERNANCE

4

STRATEGIC FRAMEWORK

4.1 VISION, MISSION & VALUES



VISION

“Excel in safeguarding public funds”



MISSION

“Promoting accountability and transparency through objective assurance and advisory services”



VALUES

Independence
Integrity
Professionalism

4.2 STRATEGIC PILLARS

ADAA developed a strategy that enables the delivery of its mandate to ensure that the services provided support the Government and the decision making process.

In its strategy, ADAA identified four strategic pillars as shown in the figure below:



PILLAR	OBJECTIVE	PROGRAM
Transparent and Accurate Financial Reporting	Provide objective opinion on Public Entity Financial Statements and reports and provide assurance that External Auditors procedures and professional judgements are free from Management influence.	1 Enhanced Financial Examination Report for all Subject Entities to ensure compliance with the rules of appointing auditors.
		2 Financial audit of Departments and other Central Government Subject Entity Financial Statements.
		3 Test of internal controls to verify compliance with all applicable laws and regulations relevant to the Financial Statements.

PILLAR	OBJECTIVE	PROGRAM	
Performance and Compliance with Laws and Regulations	Provide assurance of Government progress in achieving Abu Dhabi Policy and Plans outcomes and provide advice on improving performance.	4 A "Compliance Review" service for evaluating Subject Entity Function's compliance with laws, regulations and by-laws.	
		5 Develop a service for evaluating progress of Subject Entities against Abu Dhabi Policy and Plan goals.	
		6 Update current Service and Output Reviews to Performance Reviews and incorporate alignment to outcomes and, if applicable, Abu Dhabi Policies and Plans	
		7 Expand Performance Reviews of Capital Projects to allow the evaluation of the projects at the Project Planning and Feasibility Stages	
	Verify compliance of Subject Entities with laws, regulations, rules and approved guidelines.	8 Develop a combined Performance and Compliance Review to provide assurance on Government Investments in State Owned Enterprises	
		Integrity and Accountability	9 Establish and manage a Complaint Management Solution
			10 Perform Standardized Examinations of complaints referred to ADAA, and violations that it discovers
			11 Conduct the necessary reviews to verify the existence of robust governance structures within select Subject Entities
Promote a highly Ethical culture within the Public Sector by championing awareness, and issuing guidelines.	12 Issue guidance and related publications, facilitate training and provide awareness on the risks of non-compliance		
	13 Conduct preventive, detective, and predictive analyses of the various aspects of complaints and violations		
	14 Conduct regular surveys across the government spectrum to gauge the level of awareness of Civil Service employees on financial and administrative violations and fraud		
Technical Knowledge	Develop UAE Nationals technical and management capabilities in the audit field.	15 Upgrade ADAA Academy course offerings	
		16 Extend ADAA courses to Financial and Audit professionals in our Subject Entitiesprofessionals in our Subject Entities	

4.3 GOVERNANCE

ADAA recognizes the need to earn and sustain the trust of its stakeholders through adopting and implementing the highest standards of accountability and transparency. It issues this Annual Report accordingly and follows a set of guiding principles, regulations, and processes that are integrated under the following main components of governance:

Leadership

ADAA ensures that all its processes and operations adhere to the utmost principles of transparency. ADAA Chairman regularly communicates with employees, through a variety of direct and indirect channels, to promote, explain and enhance understanding of the overall strategy, set the tone, and emphasise on ADAA's strategic direction and business priorities, as well as ADAA's yearly plan and its performance. The Annual Meeting held at the beginning of every year and periodic management meetings to employees, cover different topics of importance and impact on ADAA's work and verify that the operational activities are in line with the annual plan, and are consistent with the vision and overall strategy of the Abu Dhabi Government.

Institutionalization

ADAA's strategic planning framework is based on its strategic priorities and work methodologies for every program and service provided, in accordance with international best practices. These strategies and methodologies are constantly reviewed and updated to ensure their validity and relevance to the current needs of Abu Dhabi and Subject Entities.

Performance Management

ADAA measures its performance against the six strategic objectives identified in our revised 2019 Strategy. These measures are divided into two categories:

- > **Impact Measures:** to evaluate how the ADAA's programs and services affect the Government and Subject Entities. We also include ADAA's contribution to international bodies to support advancements in the field of financial, performance and compliance audit, and accountability activities. These measures provide an indication of whether ADAA is achieving its strategic objectives.
- > **Operational Measures:** to evaluate ADAA's ability to conduct technical and support activities in an efficient and economic manner. Operational measures are updated and monitored by the ADAA Chairman and Executive Management through the appropriate Governance Committees.

ADAA considers communication a crucial and indispensable approach to measure its performance and achieve transparency with its stakeholders.



Internal Control

ADAA annually reviews its internal controls, including financial, operational, compliance controls and assesses associated risks to ensure that its processes are in line with best practice, laws, rules and regulations through its monitoring activities.

ADAA abides by a Code of Conduct that safeguards business and professional ethics to ensure that all ADAA employees understand and abide by this code of conduct. ADAA has a “Compliance Officer” to ensure that ADAA is committed to integrity and the highest professional standards in every aspect of its activities.

External Audit

ADAA’s financial statements are reviewed and audited by an external auditor. For the year 2019, Grant Thornton was reappointed for a fee of AED 93,000 in accordance with the Statutory Auditors Appointment Rules issued by ADAA to review and audit the interim and annual financial statements of ADAA.

The external auditor was also engaged for a fee of AED 86,000 to examine and report on the effectiveness of the internal control system in accordance with the COSO framework,

Grant Thornton issued an unqualified audit opinion for ADAA’s financial statements and effectiveness of internal control system for 2019.

External Reports

ADAA prepares an annual report “Accountability Report” to provide information about its work and achievements, as well as other information necessary to assess ADAA’s performance during the year. The report also includes ADAA’s governance structure, and the intended work plan for the following year.

Also, ADAA prepares and submits reports to His Highness the Crown Prince of Abu Dhabi about its work and carries out other functions, duties and responsibilities requested by His Highness.



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5.0 SUBJECT ENTITIES

- 5.1 SUBJECT ENTITIES CLASSIFICATION BY TYPE
- 5.2 SUBJECT ENTITIES CLASSIFICATION BY SECTOR & INDUSTRY

5

SUBJECT ENTITIES

ADAA's Subject Entities comprise local departments, councils, authorities and other similar entities, in addition to institutions, companies and projects in which the Abu Dhabi Government's interest is equal to or greater than 50% inclusive of their subsidiaries, companies and projects. Other entities may be subject to ADAA work based on other criteria as defined in Law No.14 of 2008.

5.1 SUBJECT ENTITIES CLASSIFICATION BY TYPE

ADAA classified Subject Entities into groups based on their types as shown in the following figure:

COURTS (DIWANS)

- 1 Crown Prince Court
- 2 National Consultative Council
- 3 Ruler Court
- 4 Ruler's Representative Court Al Ain Region
- 5 Ruler's Representative Court Al Dhafra Region

CENTRAL GOVERNMENT

- 1 Department of Community Development
- 2 Department of Culture and Tourism
- 3 Department of Economic Development
- 4 Department of Education and Knowledge
- 5 Department of Energy
- 6 Department of Finance
- 7 Department of Government Support
- 8 Department of Health
- 9 Department of Municipalities and Transport
- 10 Abu Dhabi Executive Office
- 11 Executive Affairs Authority
- 12 General Directorate of Abu Dhabi Police
- 13 Judicial Department - Abu Dhabi

STATE-OWNED ENTERPRISES (SOE)

- 1 Abu Dhabi National Oil Company
- 2 Abu Dhabi Fund for Development
- 3 Abu Dhabi Investment Authority
- 4 Mubadala Investment Company
- 5 Etihad Aviation Group
- 6 Abu Dhabi Airports Company
- 7 Abu Dhabi Health Services Company
- 8 Emirates Nuclear Energy Corporation
- 9 Abu Dhabi Power Corporation
- 10 Abu Dhabi Securities Exchange
- 11 Abu Dhabi Ports Company
- 12 National Health Insurance Company
- 13 Etihad Rail Company
- 14 Modon Properties
- 15 Abu Dhabi Development Holding
- 16 General Holding Corporation - Senaat
- 17 Abu Dhabi Sewerage Services Company
- 18 Abu Dhabi National Exhibition Company
- 19 Abu Dhabi Media Company
- 20 Emirates Palace Company



5.2 SUBJECT ENTITIES CLASSIFICATION BY SECTOR & INDUSTRY

ADAA has also classified Subject Entities according to the sector and field they operate in, as shown in the list below (excluding subsidiaries of SOEs and Government Entities).

SECTOR	INDUSTRY	SUBJECT ENTITY
GOVERNMENT	Government Administration	1 Abu Dhabi Digital Authority
		2 Abu Dhabi Executive Office
		3 Abu Dhabi Government Media Office
		4 Abu Dhabi Human Resources Authority
		5 Abu Dhabi Quality and Conformity Council
		6 Abu Dhabi Sports Council
		7 Crown Prince Court
		8 Department of Government Support
		9 Executive Affairs Authority
		10 National Consultative Council
		11 Ruler Court
		12 Ruler's Representative Court Al Ain Region
		13 Ruler's Representative Court Al Dhafra Region
		14 Statistics Centre - Abu Dhabi
	Utilities	15 Department of Energy
		16 The Center of Waste Management - Abu Dhabi
	Environment & Agriculture	17 Abu Dhabi Agriculture and Food Safety Authority
		18 Environment Agency - Abu Dhabi
		19 International Fund for Houbara Conservation
	Infrastructure	20 Mohamed bin Zayed Species Conservation Fund
		21 Abu Dhabi General Services Company
		22 Abu Dhabi Housing Authority
		23 Department of Municipalities and Transport
		24 Municipality of Abu Dhabi City
		25 Municipality of Al Ain City
	transportation	26 Municipality of Al Dhafra Region
		27 Compensations Fund for Owners of Taxi Licenses
		28 Integrated Transport Centre
		29 Presidential Flight Authority
COMMUNITY	Education	30 Abu Dhabi Centre for Technical and Vocational Education and Training
		31 Abu Dhabi Government Academy
		32 Abu Dhabi Vocational Education and Training Institute
		33 Department of Education and Knowledge
		34 Emirates College for Advanced Education

SECTOR	INDUSTRY	SUBJECT ENTITY
COMMUNITY	Education	35 Institute of Applied Technology
		36 Khalifa University for Science and Technology
		37 Mohammed University - Abu Dhabi
		38 Paris-Sorbonne University-Abu Dhabi
		39 Rabdan Academy
		40 Abu Dhabi Public Health Center
		41 Department of Health
		42 The National Rehabilitation Center
	Media	43 Media Zone Authority - Abu Dhabi
	Security & Justice	44 Judicial Department - Abu Dhabi
		45 Monitoring and Control Centre
		46 Saif bin Zayed Academy
	Security & Safety	47 General Directorate of Abu Dhabi Police
	Social Inclusion	48 Abu Dhabi Authority for Arabic Language
		49 Abu Dhabi Early child authority
		50 Abu Dhabi Social Support Authority
		51 Authority of Social Contribution MAAN
		52 Department of Community Development
		53 Emirates Foundation
		54 Family Development Foundation
		55 Khalifa Bin Zayed Al Nahyan Foundation
		56 Social Care and Minors Affairs Foundation
		57 Zayed bin Sultan Al Nahyan Charitable and Humanitarian Foundation
		58 Zayed Higher Organization For Humanitarian Care and Special Needs
		59 Zayed House for Family Care
	Tourism and Culture	60 Department of Culture and Tourism
		61 Emirates Heritage Club
		62 Public Institution Zoo and Aquarium in Al Ain
		63 Zayed House for Islamic Culture
ECONOMY	Economic Development	64 Abu Dhabi Council for Economic Development
		65 Abu Dhabi Investment office
		66 Department of Economic Development
		67 Higher Corporation for Specialized Economic Zones
	Energy	68 Khalifa Fund for Enterprises Development
		69 Supreme Petroleum Council
	Finance & Investment Management	70 Abu Dhabi Global Market
		71 Abu Dhabi Retirement Pensions and Benefits Fund
72 Department of Finance		



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6.0 AUDIT METHODOLOGY

6.1 ADAA OUTPUTS WORK FLOW

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AUDIT METHODOLOGY

ADAA performs its audit assignments in accordance with a standardized audit methodology to ensure the quality of audit work performed which is then reflected in its reports and programs. ADAA's audit methodology involves three main phases where each phase includes a number of steps as shown in the following figure:

6.1 ADAA OUTPUTS WORK FLOW



Abu Dhabi Accountability Authority audit methodology was developed in accordance with the applicable standards and guidelines issued by the International Federation of Accountants (IFAC), The International Organisation of Supreme Audit Institutions (INTOSAI) and other internationally accepted standards, and performs its assignments accordingly.





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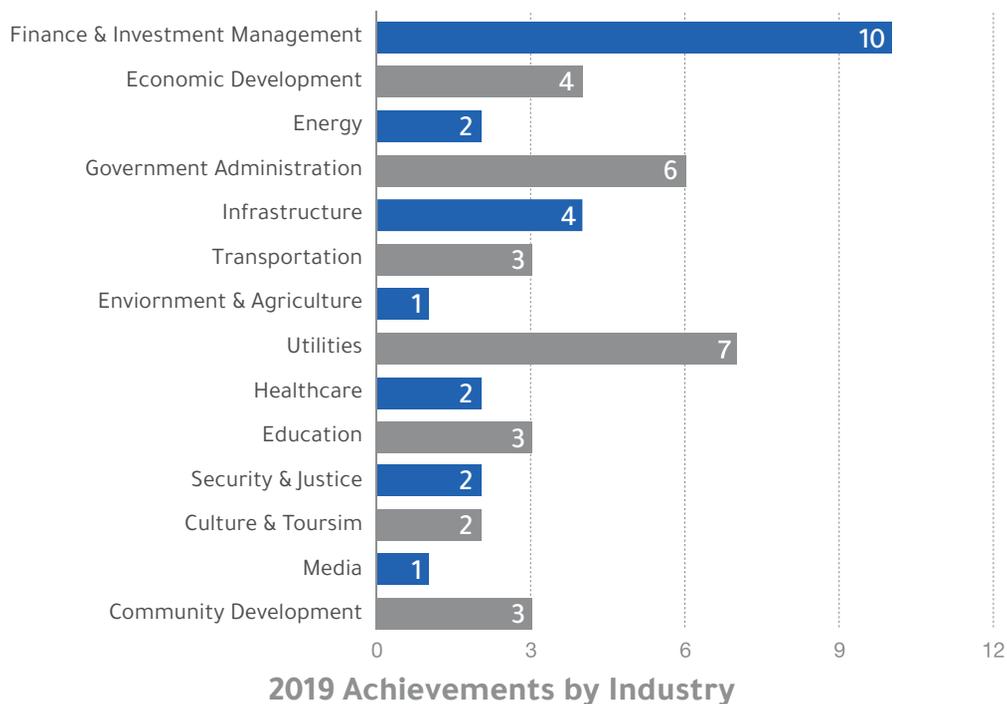
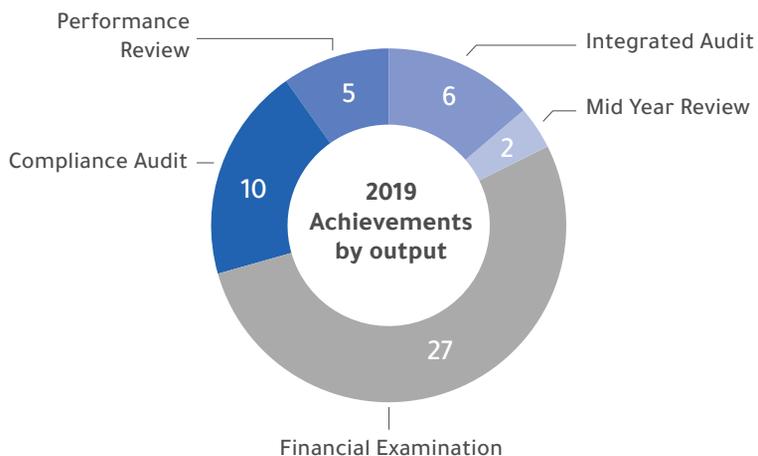
7.0 ACHIEVEMENTS DURING 2019

- 7.1 AUDIT REPORTS
- 7.2 STRATEGIC OBJECTIVES
- 7.3 INTEGRITY AND ACCOUNTABILITY
- 7.4 ADAA KNOWLEDGE CENTRE
- 7.5 ADVISORY
- 7.6 RESEARCH AND KNOWLEDGE SHARING
- 7.8 NATIONAL AND INTERNATIONAL

7 ACHIEVEMENTS DURING 2019

7.1 AUDIT REPORTS

In line with its Annual Plan for the year 2019, ADAA issued 50 reports covering all governmental sectors, and State Owned Entities, companies and their subsidiaries.



7.2 STRATEGIC OBJECTIVES

- > Implemented the revised and updated ADAA's strategic objectives.
- > Implemented internal process and structure changes in line with the framework of the International Organization of Supreme Audit Institutions (INTOSAI).
- > Updated and implemented ADAA's internal policies and procedures to ensure the progressive attainment of the desired strategic objectives.

7.3 INTEGRITY AND ACCOUNTABILITY

> The Abu Dhabi Accountability Authority (ADAA) announced on 9 December 2019 the launch of the digital Violation Reporting Platform (the Platform) that will enable the reporting of suspicions of financial and administrative violations across government entities. The selection of the International Anti-Corruption Day to launch the new platform was done purposely to demonstrate the full commitment to support the objectives of the Government of Abu Dhabi in terms of strengthening public administration activities, and to the ongoing efforts to further develop and evolve transparency standards.

The announcement was made through the Abu Dhabi Government Media Office in collaboration with ADAA through social media platforms, where a team from ADAA developed an animated educational infographic addressed to the public at large for the purpose of demonstrating the use of the Platform.

The Platform was developed after examining thorough benchmarks and analyses of global leading practices in terms of cases reported with the aim to provide an efficient and integrated system that

will expedite the process of handling and managing these cases quickly and efficiently, and will support the definition of the necessary means to prevent the recurrence of similar actions in the future. It also enhances the role of the stakeholders of government entities and encourages the community and the public at large to help monitor and report any suspicions of financial or administrative violations, whether related to the employees of those entities or its practices, thus contributing to a competitive business framework that would increase investor confidence.

- > Issuance of 2018 Accountability Report as well as regular reporting to relevant parties.
- > Released "NAZAHA", a quarterly publication that includes insights, best practices, perspectives on regulatory frameworks, analysis and relevant references on all matters related to anti-fraud and curbing violations.
- > Conducted special assignments and issued the reports to concerned parties.
- > Engaged on fraud awareness activities via multiple channels, including NAZAHA, ACFE Conference, and e-maarifa platform.

7.4 ADAA KNOWLEDGE CENTRE

- > Continued expansion of ADAA Knowledge Centre's external role by providing specialized professional training programs. This included 24 courses for professional certificates, which benefited 258 trainees from 60 subject entities during 2019.
- > Continued monitoring the "Auditors Development Program". The program offers specialized training programs with the objective of contributing to the training and development of Emirati Auditors and assisting them to acquire the necessary skills and knowledge in order to advance and excel in their careers.
- > Continued recognition of ADAA Knowledge Centre as an approved training provider by the UK Institute of Leadership and Management and by the Association of Certified Fraud Examiners (ACFE).



7.5 ADVISORY

- > Enhanced the value of the E-maarifa platform, which allows Abu Dhabi Government employees to share their knowledge and best practices across subject entities and benefit from the rich repository of expert views, insights and documents available elsewhere within the Government. The Internal Audit Community on E-maarifa now connects more than 820 Internal Audit professionals across 112 subject entities.
- > Participation in the membership of Audit Committees of several Subject Entities.
- > Continued providing advisory and support to Subject Entities upon their request and assisted Subject Entities to enhance the capabilities of their Internal Audit function and support the users of the E-Governance Portal for 93 Subject Entities.
- > Provided advisory to Subject Entities in implementing ADAA Chairman Resolution number (1) of 2017 that requires the statutory auditors to: (1) Test the effectiveness of internal control over financial reporting and issuing a separate opinion about their effectiveness; and (2) Verify compliance with applicable laws and regulations and issuing an opinion in this respect as part of the statutory auditor's report.

7.6 RESEARCH AND KNOWLEDGE SHARING

- > Issued 10 technical papers that addressed complex accounting matters and helped in unifying accounting interpretations.
- > Completed 10+ major research engagements including international benchmarking

studies, research papers and surveys. These engagements cover a wide spectrum of topics such as a survey of UAE National Auditors in the public sector, SME Sector Trends & Challenges, benchmarking of industry practices and regulatory models.

7.8 NATIONAL AND INTERNATIONAL REPRESENTATION

- > Membership of the International Forum of Independent Audit Regulators (IFIAR), its Board of Directors and Audit Committee; and participation in its periodical meetings (Board of Directors, Audit Committee, Plenary meeting, and Inspection Workshops).
- > Member of IFIAR's Inspection Workshop Working Group and member in International Relevant Development in Audit Marketing (IRDAM) task force.
- > The ACFE ME Fraud Regional Conference 2019 was hosted for a second successive year in Abu Dhabi with the aim of demonstrating the efforts of the Emirate of Abu Dhabi within

the government ecosystem to educate and to raise further awareness about fraud risks. The Conference achieved a record attendance exceeding 500 representatives from various industries, countries and professions, noting that it represented the highest number of attendees for any ACFE organized conference outside the United States of America.

- > Continued to chair the Abu Dhabi Technical Forum (ADTF) with the aim of unifying accounting interpretations of International Financial Reporting Standard (IFRS) and International Standards on Auditing (ISA) between ADAA, audit firms and accounting and auditing professionals in the UAE.





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8.0 ADAA PROGRAMS DURING 2019

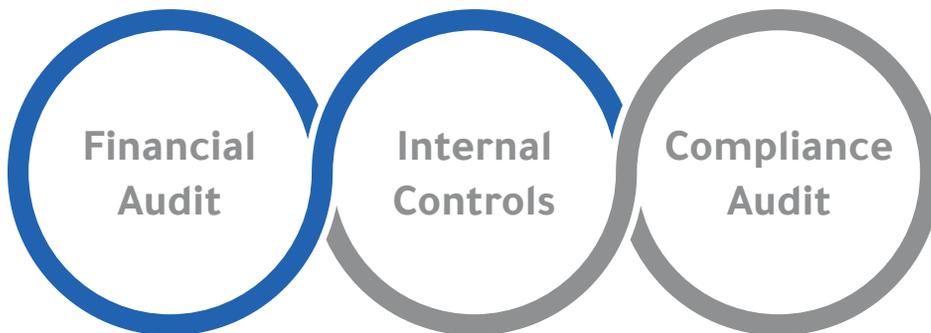
- 8.1 INTEGRATED AUDIT
- 8.2 FINANCIAL EXAMINATION
- 8.3 PERFORMANCE AUDIT
- 8.4 COMPLIANCE AUDIT
- 8.5 SUPPORTING ACCOUNTABILITY

ADAA PROGRAMS DURING 2019

ADAA developed a number of programs with the objective of enabling it to provide assurance on the accuracy of the Government's Consolidated Financial Statements and the Financial Statements issued by Subject Entities, ensuring Subject Entities' resources and funds are managed, collected and expended efficiently, effectively and economically and in compliance with the relevant laws and regulations and governance rules, and to support holding Subject Entities accountable for their roles and responsibilities, in addition to training and developing UAE Nationals and supporting sharing knowledge and leading practices:

8.1 INTEGRATED AUDIT

(Financial, Internal Controls, and Compliance Audits)



ADAA carries out Integrated audits in accordance with International Standards on Auditing (ISAs), the purpose of which is to express an opinion on whether the financial statements present fairly, in all material respects, the financial performance of the entity, according to applicable financial reporting framework (i.e. IPSAS or IFRS). Our audit report includes an opinion on Subject Entities' compliance with legal and regulatory requirements which have a direct effect on the financial statements.

Our integrated audit engagements include issuing a separate report that includes our opinion on the effectiveness of internal control systems through obtaining reasonable assurance (ICoFR).

Our Integrated audit engagements also include issuing a separate report that includes our opinion on the entity's compliance with legal and regulatory requirements.

The following are key achievements of the financial and integrated audit carried out during 2019:

- > Financial audit of the Government of Abu Dhabi financial statements for the year ended 31 December 2018 in accordance with international standards.
- > Integrated audits of 5 subject entities (Abu Dhabi Investment Authority, General Directorate of the Abu Dhabi Police, Department of Economic Development, Abu Dhabi Judicial Department, and Department of Transport) for the year ended 31 December 2018 in accordance with international standards.
- > Mid-year reviews for 2 subject entities (Abu Dhabi Investment Authority and Department of Economic Development) in accordance with international standards.
- > Started the planning and interim visit relating to the integrated audit for the year ended 31 December 2019 for 11 Subject Entities.

8.2 FINANCIAL EXAMINATION

The financial examination includes ensuring that Subject Entities implement the Statutory Auditors Appointment Rules (SAAR) issued by ADAA when appointing a Statutory Auditor, performing a review of the Subject Entity's financial statements and examining the work undertaken by the Statutory Auditor.

AUDIT ELEMENTS AND STANDARDS FOR FINANCIAL EXAMINATION

ADAA developed 390 audit criteria spread over 21 standards within 5 elements as illustrated in the following figure:

AUDITOR APPOINTMENT

1. Auditor Independence
2. Expertise in the business of the entity
3. Technical resources and quality
4. Technical and financial proposals evaluation

AUDIT PLANNING

5. Audit planning memorandum
6. Understand the entity business and environment
7. Assess risk of significant misstatement due to fraud or error

AUDIT EXECUTION

8. Test of controls
9. Perform analytical procedures
10. Significant balances and transactions
11. Applied accounting framework
12. Accounting estimates
13. Related parties transactions
14. Subsequent events
15. Going concern
16. Management representations
17. Use of expert work
18. Litigations and claims

AUDIT CONCLUSION AND REPORTING

19. Conclude the assignment and evaluate result
20. Form the opinion and prepare the report

LEGAL, REGULATORY AND OTHER REQUIREMENTS

21. Compliance with relevant laws and regulations

Audit criteria for Financial Examination were developed based on the following:

- > Statutory Auditors Appointment Rules issued in accordance with Law Number 14 of 2008.
- > Resolution No. 1 of 2017 issued in accordance with Law Number 14 of 2008.
- > International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC).
- > Accounting standards used for preparing the financial statements: i.e. IPSAS or IFRS.

ADAA's Financial Examination report findings are classified as follows:

- > **Significant improvement required:** Significant finding that requires immediate action.
- > **Needs improvement:** Finding indicates issues on audit quality that require action to improve the audit.
- > **Needs improvement - specific exception noted:** Had this exception been noted during the audit process, it might have resulted in an adjustment.

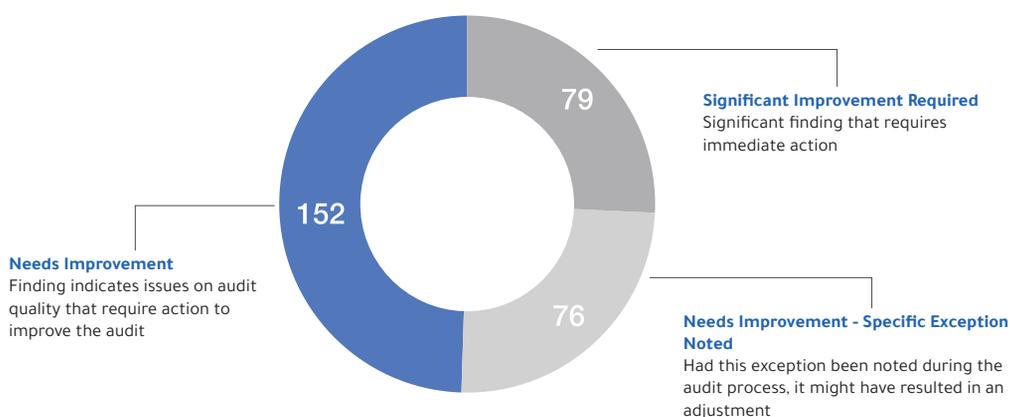
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Financial Statements' Examination

During 2019, ADAA examined the financial statements and the related Statutory Auditors' working papers for 27 Subject Entities. These Subject Entities were selected based on ADAA risk assessment exercise. During the examination ADAA focused on statutory auditors' assessment of internal control over financial reporting at Subject Entities and their compliance with relevant laws and regulations, in

Addition to complete and adequate recording of assets and revenues to reflect actual performance. Also, ensured Subject Entities compliance with their budgets and the requirements of international financial reporting standards in preparing their financial statements, and continued monitoring the compliance of Subject Entities with Statutory Auditor Appointment Rules (SAAR).

ADAA's financial examination reports included 307 comments classified as follows:



ADAA issues its report upon completion of the Financial Examinations to those charged with governance at Subject Entities to ensure future improvement implementation by the Statutory Auditor and follow up.

Key improvement opportunities relating to compliance of subject entities with relevant rules and regulations that have an impact on the financial statements

The key improvement opportunities relating to compliance of subject entities with relevant rules and regulations that have an impact on the financial statements included annual budget execution and presentation in the financial statements in accordance with relevant laws and regulations, recognition

of assets in the financial statements in accordance with relevant decrees and resolutions, proper application of the Statutory Auditors Appointment Rules, and active participation of UAE national audit team members in all the phases of the audit process undertaken by the Statutory Auditor.

Key improvement opportunities relating to compliance with financial reporting and auditing standards

The key areas for improvement in financial reporting by subject entities included the accuracy of revenue recognition, impairment testing of intangible and intangible assets, accounting treatment for lease arrangements, recognition of fixed assets, projects, investment properties, and financial assets, appropriateness of assumptions used, assessment of recoverability of financial facilities and loans, validity of amounts recorded as due from the government of Abu Dhabi, and preparation of consolidated financial statements.

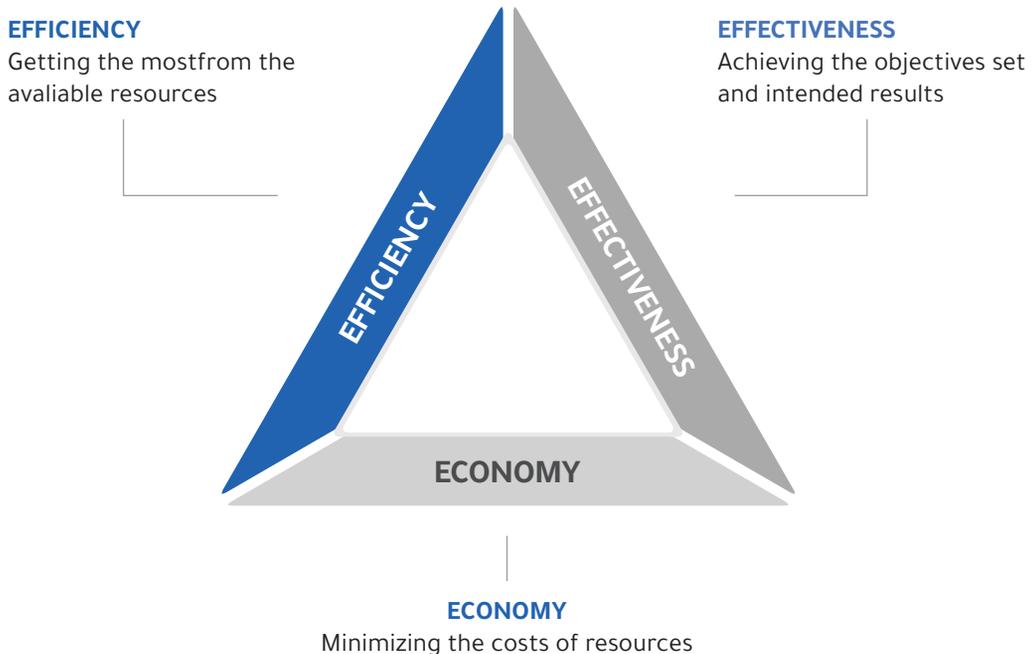
The key areas for improvement in audit procedures performed by the statutory auditor included communication with those charged with governance, assessing going concern, validation of assumptions, completeness of revenues, involvement of independent quality review partner, sufficiency of IT audit, fraud risk assessment, reliance on the internal controls, and ensuring compliance with relevant laws and regulations.

8.3 PERFORMANCE AUDIT

Review of whether Subject Entities, operations, programs or activities are operating in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. These reviews provide new information, analysis or insights and, where appropriate, recommendations for improvement.

Suitable criteria are established for each Performance Audit and differ from one review to another. These criteria are designed to correspond to the audit questions and are related to the principles of economy, efficiency and effectiveness.

Elements of Performance Audit



ADAA aims through this review to ensure efficient, effective and economic utilization of resources (value for money) by Subject Entities.

In some of these reviews, ADAA aims to assess the performance of the programs of Abu Dhabi Plans to ensure that coordinating and contributing Subject Entities are making tangible progress towards achieving the objectives set in the Government plans, including but not limited to the Abu Dhabi Plan. To achieve that, ADAA has developed the following review methodology in line with leading practices.



GOAL DEFINITION & DESIGN

Assure that the Goal is converted into well defined “success” factors.



RESULTS EVALUATION AGAINST GOAL

Evaluate the progress towards achieving Goal.



PERFORMANCE DIAGNOSTIC

Evaluate the performance of implementing the programs and initiatives that contribute to achieving the Goal.



OPINION

Based on the holistic evaluation of the previous evaluation areas, develop an opinion on whether the programs are on track to achieve the Goal and/or resilient enough to adjust to changes..

The Performance Audit deliverables during 2019 were related to various industries and covered the operations and activities carried out by a number of Subject Entities as well as some of Abu Dhabi Plans' programs to evaluate alignment with best practices, industry standards and the approved plans.

ADAA issued 5 Performance Audit reports during 2019 covering various areas. These areas were selected based on their importance to the Government plans and the importance of the services provided within each area.

Entities Covered in Performance Audit in 2019

INDUSTRY	SUBJECT ENTITY
Government Administration	Statistics Centre - Aabu Dhabi (SCAD)
Utilities	Abu Dhabi waste Management Center (Tadweer)
Healthcare	Abu Dhabi Health services Company (SEHA)
Culture & Tourism	Zoo & Aquarium Public Institution in Al Ain (ZAPIA)
Social Development	Dar Zayed for Family Care (DZFC)

8.4 Compliance Audit

Review Subject entities compliance with laws and regulations governing their work through comprehensive framework to achieve the following objectives:



ADAA performed compliance audit in accordance with its approved methodology which was prepared in line with INTOSAI Compliance audit standard (ISSAI 4000).

This methodology focus on the regulatory framework that governs entities' mandates, roles and responsibilities. This framework consists of the following:

COMPLIANCE AUDITE	Laws	Federal Laws.
		Local Laws.
	Regulations	Executive Council Resolutions.
		Executive regulations that governed entity operation.
		Entity Chairman Resolutions.
	Policys & Procedures	Policies.
		Procedures
		Committee Charters.
	Contracts	Contracts signed in the entity.

We have completed 10 compliance audit which was performed in the following sectors

<p>Community Development</p> <p>1</p>	 <p>EMIRATES FOUNDATION FOR YOUTH DEVELOPMENT مؤسسة الإمارات لتنمية الشباب</p>
<p>Infrastructure</p> <p>2</p>	 <p>هيئة البيئة - أبوظبي Environment Agency - ABU DHABI</p> <p>دائرة التخطيط العمراني والبلديات DEPARTMENT OF URBAN PLANNING AND MUNICIPALITIES بلدية مدينة أبوظبي ABU DHABI CITY MUNICIPALITY</p>
<p>Economic Development</p> <p>2</p>	 <p>مندوق خليفة لتطوير المشاريع Khalifa Fund for Enterprise Development</p> <p>ZonesCorp</p>
<p>Transportation</p> <p>1</p>	 <p>دائرة الشؤون البلدية والنقل DEPARTMENT OF MUNICIPAL AFFAIRS AND TRANSPORT مركز النقل المتكامل INTEGRATED TRANSPORT CENTRE</p>
<p>Government Administration</p> <p>3</p>	 <p>هيئة الموارد البشرية HUMAN RESOURCES AUTHORITY</p> <p>مجلس أبوظبي للجودة والمطابقة ABU DHABI QUALITY & CONFORMITY COUNCIL</p> <p>Abu Dhabi Sports Council مجلس أبوظبي الرياضي</p>



8.5 SUPPORTING ACCOUNTABILITY

ADAA developed a number of programs under this group to promote accountability of Subject Entities and to enhance their roles and responsibilities in this regard, in addition to training and developing UAE Nationals and supporting sharing knowledge and leading practices:

8.5.1 Accountability Reports

ADAA prepares and submits reports to His Highness the Crown Prince of Abu Dhabi about its work and carries out other functions, duties and responsibilities requested by His Highness.

In 2019, a number of reports were issued under this program on matters related to ADAA's work; among these important reports are the reports submitted to His Highness the Crown Prince such as the Audit Report on the Consolidated Financial Statements of the Government of Abu Dhabi and the Accountability Report.

8.5.2 Special Examination

ADAA investigates complaints referred to it and violations discovered when carrying out its work at Subject Entities, and examine violations investigated by Subject Entities

8.5.2.1 Financial Violation Investigation

ADAA investigates violations referred to it, and those violations discovered in the course of its work, with the objective of identifying the nature of these violations and the individuals responsible in order to hold them accountable.

ADAA may investigate these violations directly or, in certain cases, requests the Subject Entity to do so.

8.5.2.2 Financial Violation Examination

ADAA's Establishment Law requires Subject Entities to immediately notify ADAA upon discovering any violation or the occurrence of any incident that resulted in a violation. It also requires these Subject Entities to send a copy of the investigation

documents once completed supported by the investigation records and actions taken within a maximum period of ten days from the date of its issuance. ADAA examines the investigation documents sent by the Subject Entity.

8.5.3 Advisory

ADAA provides advice to Subject Entities based on the Subject Entities request and upon approval of ADAA Chairman. ADAA

provides its advice in accordance with its advisory practices and in light of the information provided by the Subject Entity.

1. Participation in the membership of Audit Committees of several Subject Entities.
2. Continued providing advisory and support to Subject Entities upon their request and assisted Subject Entities to

enhance the capabilities of their Internal Audit function and support the users of the E-Governance Portal for 93 Subject Entities.

8.5.4 Technical Knowledge

ADAA has implemented 4 secondary programs under this group with the objective of training and developing UAE Nationals and supporting sharing knowledge and leading practices:

1. Qualifying Emirati Auditors
2. Research and Knowledge Sharing
3. National and International Representation
4. Seminars and Workshops.

8.5.4.1 Qualifying Emirati Auditors

Develop specialized training programs with the objective of contributing to the training and development of Emirati Auditors and assisting them to acquire the necessary skills and knowledge to advance and excel in their careers. ADAA developed the “Auditors Development Program” which was designed as a fast track, all encompassing opportunity that takes young Emirati applicants from entry level Assistant Auditor to a Chief Auditor. Professional training programs were developed specifically for Emiratis in the Accounting and Audit profession such as the Certified Public Accountant

(CPA) examination preparation course, the Chartered Certified Accountant qualification (ACCA), and the Certified Internal Auditor (CIA) examination preparation course.

ADAA also offers internships on an annual basis to undergraduates studying to attain a Bachelor’s Degree in Accountancy, Business Administration, Economics, or Finance who may be seeking employment experience and helping them gain a thorough understanding of the audit profession and what to expect as an audi

1. Expansion of ADAA Knowledge Centre’s external role by providing 24 courses for professional certificates, which benefited 258 trainees from 60 subject entities.
2. Continued monitoring the “Auditors Development Program” offering

specialized training programs with the objective of contributing to the training and development of Emirati Auditors and assisting them to acquire the necessary skills and knowledge in order to advance and excel in their careers.

8.5.4.2 Research and Knowledge Sharing

ADAA set up this program with the objective of creating awareness of best practices implemented in the public sector and on an international level as well as developing a local knowledge base and resources hub

that contributes to the development of government performance.

ADAA launched many research and knowledge sharing initiatives such as:

1. Research and Knowledge Management (RKM) Function:

ADAA established this function in 2009 with the objective of developing, codifying and disseminating knowledge more effectively across all areas of ADAA's operations as

well as contributing towards supporting the research and knowledge needs and capabilities of Subject Entities.

2. Accounting and Auditing Standards Desk (AASD):

ADAA established the AASD to issue technical papers related to accounting and auditing. AASD issues an e-newsletter every two months called "ADAA Digest", which contains accounting and auditing news, including IFRS and IPSAS updates, and an in depth technical article. AASD

publications focus primarily on accounting matters related to the preparation of Subject Entities' financial statements, and assist in eliminating inconsistencies in the interpretations of current accounting standards.

3. E-maarifa:

In 2010, the e-maarifa web portal was launched with the objective of creating a knowledge platform across the Government and Subject Entities that

enables participants to share experience and transmit knowledge more effectively across common operational functions.

4. Practice Guides:

ADAA identifies best practices that are internationally recognized and

implemented and issues practice guides for use throughout the public sector.

1. Issued technical papers that addressed complex accounting matters and helped in unifying accounting interpretations.

2. Completed research papers, international benchmarking studies, and surveys.

8.5.4.3 National and International Representation

Participate actively in the regulation and supervision of the accounting and audit profession through acquiring memberships of various national and international organizations that promote and support accountability and transparency and contribute to the enhancement of laws and regulations in this area.

ADAA was the first organization in the Middle East to become a member of the

International Forum of Independent Audit Regulators (IFIAR) and to be elected to sit on its Board of Directors and Audit and Finance Committee.

In addition, ADAA is member of IFIAR's Inspection Workshop Working Group and member in the International Relevant Development in Audit Marketing (IRDAM) task force.

8.5.4.4 Forums, Seminars, and Workshops

Organize seminars and workshops for Subject Entities on matters that complement

ADAA's primary role and fall within its area of expertise such as:

8.5.4.5 Abu Dhabi Technical Forum (ADTF): This Forum brings together the UAE based

accounting and audit technical professionals of the international audit firms. Discussions focus on current and expected problematic accounting treatments. The aim of the forum is to eliminate the local inconsistency in application of accounting standards by

building consensus on the interpretation of accounting standards and unifying of accounting treatments, thereby improving the comparability and quality of financial reporting in Abu Dhabi.

1. ADAA is a member of IFIAR's Board of Directors, and participates in its periodic meetings (Board of Directors, Audit and Finance Committee, annual meeting and workshops).

2. Collaboration with the Association of Certified Fraud Examiners (ACFE) to host the Middle East Fraud Conference in Abu Dhabi in 2019.



9 2020 WORK PLAN OVERVIEW

1. Implement ADAA's new sector based structure and cultural transformation initiatives to better align our organization with the Abu Dhabi Governments strategic objectives.
2. Audit the consolidated financial statements of the Government of Abu Dhabi.
3. Perform the integrated audit of a number of departments and government entities.
4. Financial assurance and related services, examination of the financial statements of a group of subject entities and their budgetary compliance as well as ensure the preparation of financial reports in accordance with international standards.
5. Review the compliance with laws and regulations in a number of subject entities.
6. Review the performance of some programs and services delivered by subject entities.
7. Examine referred violations and issue Special Examination reports.
8. Continue to expand the number of professional training courses to subject entities.
9. Continue to develop the capabilities of our UAE National Auditors as a priority of ADAA