MEDIA RELEASE:

DFSA Hosts Outreach on Extended Audit Reports

Dubai, UAE, 1 June 2016: The Dubai Financial Services Authority (DFSA) and the Institute of Chartered Accountants in England and Wales (ICAEW) jointly organised an outreach event last week to conduct a briefing on the new Extended Audit Reports.

The event was opened by Mr Ian Johnston, Chief Executive of the DFSA, who provided an assessment of the DFSA’s approach to audit, and speakers included Mr Bryan Stirewalt, Managing Director, Supervision - DFSA; Mr Edward Quinlan, Audit Committee Member; Mr Richard Ackland, Partner - KPMG LLP and Mr Umar Saleem, Chief Finance Officer - Depa Limited. The session was moderated by Mr Michael Armstrong, FCA and ICAEW Regional Director for the Middle East, Africa and South Asia (MEASA).

The event was targeted at publicly listed companies, DFSA Registered Auditors and ICAEW members and other stakeholders.

The panel discussed the new Extended Audit Reports which will be effective for audits of financial statements for periods ending on or after 15 December 2016. The panelists expressed their views about the challenges and opportunities of implementing Extended Audit Reports and also shared practical experience in implementing such reports in the United Kingdom (UK).

In his Opening Remarks, Ian Johnston said: “The Auditor’s Report is the primary means by which the auditor communicates information regarding the audit of the financial statements to investors and other financial statement users. As currently designed, however, the auditor’s report conveys very little of the information obtained and
evaluated by the auditor. In recent years, many investors and others have stated that auditors should provide additional information in the auditor's report to make the report more relevant and useful. The communication of key audit matters would inform investors and other financial statement users of matters arising from the audit."

Mr Michael Armstrong said: “The extended audit report is definitely a game changer for all market participants. It does not only provide the key audit risks of material misstatement, but also a simplified insight into complex accounting treatments and transactional issues.

“The need to disclose information on the scope, materiality and areas of focus in audits will greatly increase the quality of debate auditors have with management, audit committees and boards.”

The event was well attended by over 75 stakeholders.

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Editor’s notes:

The Dubai Financial Services Authority (DFSA) is the independent regulator of financial services conducted in or from the Dubai International Financial Centre (DIFC), a purpose-built financial free-zone in Dubai. The DFSA’s regulatory mandate covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodities derivatives exchange. In addition to regulating financial and ancillary services, the DFSA is responsible for supervising and enforcing Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) requirements applicable in the DIFC. The DFSA has also accepted a delegation of powers from the DIFC Registrar of Companies (RoC) to investigate the affairs of DIFC companies and partnerships.
Ian Johnston was appointed as Chief Executive of the DFSA in June 2012. Ian joined the DFSA in November 2006, as a Managing Director, to head the Policy and Legal Services Division.

Ian was admitted to practice Law in Australia in the early 1980s and has spent most of his career in the private sector. He held a number of senior positions within the financial sector and was CEO of one of Australia’s major Trustee Companies. During that time, Ian played a leading role in the Trustee industry and served on the National Council of the Trustee Corporations Association.

In 1999, Ian joined the Australian Securities and Investments Commission where he held the position of Executive Director, Financial Services regulation, and spent several terms as an acting Commissioner. In 2005, Ian took up a position with the Hong Kong Securities and Futures Commission as a Special Advisor.

Ian is a past Chairman of the Joint Forum, which comprise representatives of the major international regulatory standard-setters (IOSCO, IAIS and the Basel Committee). In November 2013, he was elected to the Steering Group of IOSCO’s Growth and Emerging Markets Committee. He is also a member of the Financial Stability and Technical Committee (FSTC) of the IAIS, the global standard-setting body for insurance regulation, and was a member of the Board of Directors of the Financial Planning Standards Board (from Jan 2011 – Mar 2016).

ICAEW is a world leading professional membership organisation that promotes, develops and supports over 145,000 chartered accountants worldwide. ICAEW provide qualifications and professional development, share knowledge, insight and technical expertise, and protect the quality and integrity of the accountancy and finance profession.

Breakfast Briefing is a joint initiative between the DFSA and ICAEW to discuss topics of interest to the audit community. Previous topics include:

- The Challenges of Emiratisation: Attracting Talent into the Finance Industry (April 2013)
- Detection of Fraud: Whose role is it? (March 2012)
- The Importance of Professional Accounting Bodies (September 2011)
- The Future of Audit (September 2010)
- The role of audit monitoring in improving the quality of and confidence in financial information in the Middle East (March 2010)