



شعبة الترجمة الرسمية
Official Translation Department

Law of Certified Public Accountants

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Translation of Saudi Laws



NOTE:

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.



Law of Certified Public Accountants

Article 1

No natural or corporate person may practice account auditing unless his name is enrolled in the Register of Certified Public Accountants at the Ministry of Commerce.

Conditions of Enrollment in the Register

Article 2

To be enrolled in the Register of Certified Public Accountants, an applicant shall:

1. be a Saudi national;
2. be legally competent;
3. be of good conduct and have no convictions of any *hadd* [Sharia-prescribed punishment] or any offense impinging on honor or integrity, unless rehabilitated, or any disciplinary decision dismissing him from government service, unless a period of three years has passed since the issuance of such disciplinary decision;
4. have a Bachelor's degree in accountancy or any other degree deemed equivalent by the competent body;
5. have experience in the field of accounting after obtaining the degree referred to in paragraph (4) above, at any of the following bodies:
 - a) Firms of certified public accountants duly approved by the Saudi Organization for Certified Public Accountants (SOCPA) provided for in this Law, in accordance with the controls specified by the Implementing Regulations for a period not less than three years which may be reduced to two years if the applicant holds a Master's degree in accountancy or its equivalent, and to one year if the applicant holds a Doctorate degree in accountancy or its equivalent.
 - b) Government bodies, companies, or sole proprietorships according to the conditions and periods specified in the Implementing Regulations, provided that such periods are not shorter than those stated in paragraph (a) above.
6. a full member of SOCPA; and
7. a full-time accountant. However, a certified public accountant may engage in other businesses consistent with the professional code of ethics according to the controls set by the Implementing Regulations.



Procedures for Enrollment in the Register

Article 3

Pursuant to a decision by the Minister of Commerce, a committee shall be formed to review applications for enrollment in the Register of Certified Public Accountants. Said committee shall be chaired by an official from the Ministry of Commerce whose rank is not lower than Grade 14, and shall include the following members:

1. A Saudi legal counselor appointed by the Minister of Commerce; and
2. A Saudi certified public accountant with a minimum of five years of professional practice to be nominated by SOCPA's Board of Directors.

The enrollment committee shall decide on applications within the period specified in the Implementing Regulations. Its decision shall be reasoned and appealable before the Board of Grievances.

Article 4

Upon applying for enrollment in the Register of Certified Public Accountants and for each renewal thereof, a natural person shall pay a fee of 1,000 riyals.

Article 5

Upon enrollment, a certified public accountant, whether an individual or a firm, shall be granted a license to practice signed by the chairman of the enrollment committee stating the enrollment number and date. Said license shall be valid for five years and renewable for a similar term pursuant to an application submitted at least 90 days prior to its expiry.

Obligations of Certified Public Accountants

Article 6

A certified public accountant shall actually practice auditing and shall notify the competent department at the Ministry of Commerce of his office address and any change thereto within the periods specified in the Implementing Regulations. Failure to provide such notification within said periods shall entail the validity of notifying him at the address with the Ministry.

A licensed certified public accountant shall also notify the competent department at the Ministry of Commerce when opening any other branch.

Article 7

Audit reports issued by the office shall be signed by the certified public accountant, in case of individuals, or by the partner who actually participated in



or supervised the auditing, in case of accounting firms. No other person may be delegated to sign.

Article 8

A certified public accountant shall use his personal name as his office name and shall display his license in a prominent place in his office.

Article 9

All letterheads, correspondence, reports, and statements issued by a certified public accountant, whether an individual or a firm, shall carry his name as well as his license number and date. Said accountant shall also furnish SOCPA with required information on his activities as specified in the Implementing Regulations.

Article 10

A certified public accountant shall comply with the professional code of conduct as well as the accounting, auditing, and technical standards issued by SOCPA.

A certified public accountant shall also abide by the duties set forth in laws and regulations.

Article 11

A certified public accountant shall attend a number of seminars as specified and held by SOCPA.

Article 12

A certified public accountant shall, in all cases, keep all documents received from clients, auditing worksheets, and copies of balance sheets for a minimum period of 10 years from the issuing date of his report on every audited fiscal year.

Article 13

A certified public accountant may not audit the accounts of companies or firms in which he has direct or indirect interests, as specified in the Implementing Regulations.

Article 14

A certified public accountant may not audit the accounts of joint-stock companies, banks, and public organizations unless he has practiced auditing for a minimum of five years from the date of obtaining the license.

Article 15

A certified public accountant shall be liable for damages sustained by clients or



third parties due to errors in the performance of his work. Partners in an accounting firm shall be held jointly and severally liable.

Article 16

A certified public accountant, whether an individual or a firm, shall hire a given percentage of Saudi employees. The Implementing Regulations shall specify this percentage without prejudice to the Labor Law.

Article 17

If a certified public accountant temporarily or permanently suspends his practice for any reason, he shall notify the competent department at the Ministry of Commerce thereof within 30 days following the date of such suspension. The license shall be deemed terminated in the case of permanent cessation. Without prejudice to the penalties stipulated in this Law, the competent department at the Ministry of Commerce shall have the power to issue a decision revoking the license of any accountant who suspends his practice but fails to submit the notification stipulated in this Article within the specified period, upon ascertaining the same and hearing the statements of the accountant. If said accountant is notified but fails to attend within 30 days following the date of his notification, his license shall be revoked without hearing his statements. The license revocation decision may be appealed before the Board of Grievances. Revocation of the license shall not entail revocation of membership in SOCPA.

Article 18

If a certified public accountant suspends his practice permanently or for a period which would harm clients or third parties, all outstanding work with him as well as the rights and liabilities resulting therefrom shall be settled according to the rules and procedures specified in the Implementing Regulations.

Saudi Organization for Certified Public Accountants (SOCPA)

Article 19

An organization shall be established under the name "Saudi Organization for Certified Public Accountants (SOCPA)", and it shall operate under the supervision of the Ministry of Commerce in order to promote and develop the professions of accounting and auditing. It shall undertake the following:

1. Review, develop, and approve accounting and auditing standards;
2. Establish necessary rules for the fellowship certificate examination, provided that such examination shall include professional, practical, and scientific aspects of the auditing profession as well as relevant laws;
3. Organize continuing education courses;



4. Conduct research and studies on accounting, auditing, and other related areas;
5. Publish periodicals, books, and bulletins relating to accounting and auditing;
6. Establish appropriate field inspection procedures to ensure that certified public accountants apply accounting and auditing standards and comply with the provisions and regulations of this Law; and
7. Participate in local and international symposia and committees related to the professions of accounting and auditing.

Article 20

SOCPA shall consist of:

1. Full members, as follows:
 - a) All certified public accountants licensed to practice in the Kingdom at the effective date of this Law, provided that they attend the courses held by SOCPA and pass the examinations within a period not exceeding three years from the starting date of the program set for such purpose, unless they have obtained the fellowship certificate stipulated in Article 19(2) of this Law.
 - b) Persons with the qualifications provided for in Article 2(4) of this Law, provided that they obtain the fellowship certificate stipulated in Article 19(2) of this Law.
2. Associate members, applying for membership, provided that they have the qualifications referred to in Article 2(4) of this Law.

Article 21

SOCPA shall be seated in the city of Riyadh, and it may establish affiliated offices in the Kingdom.

Article 22

SOCPA shall have a General Assembly consisting of all full members who have paid their annual subscriptions. The General Assembly shall hold its ordinary or extraordinary meetings with the attendance of the majority of its members. If the quorum is not met, a call shall be made for a subsequent meeting within 30 days following the previous set date. The General Assembly meeting at such date shall be valid regardless of the number of attendees.

Resolutions of the General Assembly shall be passed by majority vote of attending members. In case of a tie, the Chairman shall have the casting vote.

Ordinary meetings of the General Assembly shall be held at a date specified at the beginning of each fiscal year.

The General Assembly may hold an extraordinary meeting at the request of one-fifth of its members or SOCPA's Board of Directors.

The Board of Directors of SOCPA shall prepare the agenda for the General Assembly.



Article 23

The General Assembly shall carry out the following:

1. Approve SOCPA's bylaws;
2. Approve SOCPA's annual budget and balance sheet for each year, and appoint an auditor for its accounts and determine his remuneration;
3. Approve the annual work plan submitted by the Board of Directors and its annual report on the activities of SOCPA;
4. Elect the members representing certified public accountants on SOCPA's Board of Directors; and
5. Discuss all items on the General Assembly's agenda falling within SOCPA's scope of work or interests.

Article 24

SOCPA shall be managed by a Board of Directors composed of 13 members, as follows:

1. Minister of Commerce or his designee, Chairman
2. Deputy Minister of Commerce, member
3. Deputy Minister of Finance and National Economy for Financial Affairs and Accounts or any person appointed by the Minister of Finance and National Economy, provided that his rank is not lower than Grade 14, member
4. Vice President of the General Auditing Bureau or any person appointed by him provided that his rank is not lower than Grade 14, member
5. Two Saudi faculty members from the accounting department at one Saudi university or more, appointed by the Minister of Commerce upon the nomination of the Minister of Higher Education, members
6. A representative of the Council of Chambers of Commerce and Industry, appointed by the Minister of Commerce upon the nomination of the Council, member
7. Six practicing Saudi certified public accountants to be elected by the General Assembly of SOCPA for a term of three years, renewable once. As an exception, said members shall be appointed in the first Board of Directors for a term of five years, pursuant to a decision by the Minister of Commerce.

The Secretary General of SOCPA shall attend the meetings of the Board of Directors in a non-voting capacity.

The Board of Directors shall meet at least once every 90 days upon a call by its Chairman or his designee. The Chairman shall call for a meeting if so requested in writing by at least four members.

Board meetings shall only be valid if attended by the majority of members, including the Chairman or his designee. Board resolutions shall be passed by majority vote of attending members; in case of a tie, the Chairman shall have the casting vote.



Article 25

The Board of Directors shall manage the affairs of SOCPA and exercise the powers needed for achieving its objectives. The Board shall in particular undertake the following:

1. Propose amendments to the Law of Certified Public Accountants as well as the regulations and decisions necessary for its implementation, in addition to the laws and regulations related to accounting and auditing;
2. Review, develop, and approve accounting and auditing standards;
3. Issue SOCPA's financial and administrative regulations and determine its fiscal year;
4. Draft SOCPA's bylaws;
5. Determine membership subscription fees and methods of collecting such fees;
6. Organize fellowship certificate examinations, provided that they shall include professional, practical, and scientific aspects for the practice of auditing, and other relevant laws;
7. Create continuing education programs and courses;
8. Form technical committees such as the accounting and auditing standards committee, quality control committee, examinations and nominations committee, continuing education committee, professional code of conduct committee, etc., and set the rules and procedures necessary for said committees to perform their functions; and
9. Appoint SOCPA's Secretary General and his deputy, provided that they are Saudi nationals who satisfy the conditions prescribed for granting a license to practice but are not practicing the profession. The Board of Directors shall determine their duties, responsibilities, rights, and remuneration.

Article 26

SOCPA's resources shall comprise the following:

1. Subscriptions determined by the Board of Directors;
2. Government subsidies;
3. Gifts, donations, and bequests accepted by the Board; and
4. Returns on investments of SOCPA's funds, and proceeds from the publication and sale of research, studies, and bulletins and from services rendered by SOCPA.

Article 27

SOCPA shall have an auditor who shall be annually appointed by the General Assembly from among licensed certified public accountants. Said auditor shall have access to books and documents and make comments thereon. He shall audit SOCPA's accounts and submit a report thereon to the General Assembly.



Neither the auditor nor any of his partners may be a member of SOCPA's Board of Directors. The General Assembly shall determine the auditor's remuneration, and may reappoint him or appoint another auditor. As an exception, the Board of Directors shall appoint an auditor for the first year and determine his remuneration.

Penalties

Article 28

First: Violators of the provisions of this Law shall be subject to one of the following disciplinary penalties:

- Reprimand, warning, or suspension from practice for a period not exceeding six months; or
- Striking the violator's name off the Register of Certified Public Accountants and publishing the penalty decisions of suspension and striking off at the violator's expense in one or more local newspapers.

Second: Without prejudice to the disciplinary penalties provided for in this Law or any other harsher penalty stipulated in another law, the penalty of imprisonment for a term not exceeding one year and a fine of not more than 200,000 riyals and not less than 50,000 riyals, or either of the two penalties, shall be imposed on any person listed in the Register of Certified Public Accountants who violates the provisions of this Law and the violation constitutes an offense, in addition to the publication of the penalty decision at the violator's expense in one or more local newspapers.

Third: Without prejudice to the disciplinary penalties provided for in this Law or any other harsher penalty stipulated in another law, any person committing any of the following acts shall be subject to the penalties stipulated in paragraph (Second) of this Article:

1. Practicing accounting and auditing without a license.
2. Practicing accounting and auditing after revocation, striking off, or termination of licensing without applying for renewal.
3. Opening, establishing, or managing an accounting or auditing office without a license.
4. Submitting false information or using unlawful methods which lead to obtaining a license to practice accounting and auditing or renewal thereof.
5. Advertising in a manner that misleads the public into believing that he is licensed to practice accounting and auditing.
6. Falsely using a title reserved for accountants and auditors.

The committee in charge of investigating violations of the provisions of the Law of Certified Public Accountants provided for in Article 29 of this Law shall investigate the offense. If the committee establishes that any of the



abovementioned violations has been committed, it shall issue a decision to close the office, taking the following measures:

1. Publishing the closure decision by the Ministry of Commerce and Industry in one or more local newspapers at the violator's expense.
2. Coordinating with relevant agencies for the closure of the office.
3. Referring the violation to the Board of Grievances for review, and publishing the judgment in one or more local newspapers at the violator's expense.

Article 29

Subject to the provisions of other laws, any violation of the provisions of this Law shall be investigated by a committee formed by the Minister of Commerce and Investment comprising a Deputy Minister of Commerce and Investment (Chairman), a Saudi legal counselor, and a member of SOCPA's Board of Directors. If said committee is of the opinion that the violation constitutes a crime, it shall refer said violation to the competent authority. Upon the decision thereon, said committee shall consider the violation in terms of conduct and it may impose any of the following penalties:

Reprimand, warning, or suspension from practice for a period not exceeding six months and striking the violator's name off the Register of Certified Public Accountants. If the committee determines that the violation does not warrant punishment, it may dismiss the case. In all cases, the committee's decision shall be reasoned and the violator may appeal the decision imposing the penalty before the Administrative Court.

Article 30

A certified public accountant whose name has been stricken off the Register, in accordance with the provisions of this Law and its regulations, may petition for re-enrollment in the Register upon the lapse of five years from the striking off decision. Said petition shall be decided upon by the Minister of Commerce. Re-enrollment shall be subject to the same terms and procedures governing enrollment.

Article 31

The period of suspension or striking off the Register provided for in this Law shall not count in the computation of the period required for those who may audit the accounts of joint-stock companies, banks, and public organizations referred to in Article 14 of this Law.

Article 32

Repealed

Article 33

Repealed



General and Interim Provisions

Article 34

The Minister of Commerce may obligate a certified public accountant to furnish the Ministry with any information it requires to ascertain that the accountant is conducting his practice in accordance with the provisions of this Law.

Article 35

Cooperation between accountants licensed under this Law and non-Saudi certified public accountants shall be in accordance with the Implementing Regulations.

Article 36

Licenses issued to certified public accountants prior to the enforcement of this Law shall remain valid, provided that the licensee is practicing the profession. Foreign accounting firms, whether individuals or partnerships, shall abide by the following:

Have one or more Saudi certified public accountants licensed to practice as partners within two years of the effective date of this Law. Otherwise, the license granted thereto shall be deemed terminated. The Implementing Regulations shall set the rules and percentage of Saudi participation in such firms and the means of verifying implementation; and

A foreign accountant or partner shall reside in the Kingdom for a minimum period of nine months per year and he shall actually practice the profession.

Article 37

This Law shall supersede the Law of certified public accountants promulgated by Royal Decree No. (M/43) dated 13/7/1394H, and amendments thereto as well as all provisions inconsistent therewith.

Article 38

This Law shall be published in the Official Gazette and shall enter into force 90 days from the date of its publication. The Minister of Commerce shall issue the Implementing Regulations and decisions necessary for its implementation.