



# Transparency Report

Dr. Mohammed Al-Amri & Co.

31 August 2022

**IBDO**

الدكتور محمد العمري وشركاه  
Dr. Mohammed Al-Amri & Co.



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# Message from the Firm Leadership



## Welcome to our transparency report

I am pleased to put at your hands our annual transparency report. Throughout the coming pages, we will walk you through the various journeys we at Dr. Mohamed Al-Amri & Co, BDO Member Firm in Saudi Arabia, have been taking to improve quality, enable our people, and expand our services.

The initiatives emerging from Saudi Vision 2030 remain a strong driver of the economic prosperity. The demand for professional services to support the execution of those initiatives led to strong growth. On the other hand, this has led to scarcity in talents both locally and globally.

As the implementation of International Standard on Quality Management (ISQM) 1 is imminent, the firm has invested and is planning to invest in more resources to be able to implement and continuously monitor the aspects of Quality. In parallel, we have started upgrading and improving our systems and policies and procedures to ensure compliance with the standard. We are committed to be reputable for delivering quality service. Our Global network is continuously monitoring and helping the Firm to be able to implement measures to enhance quality which remains to be a top priority for the regulators, standard setters and audit Firm as it has a direct impact on the stakeholders' confidence in capital markets and the economy as a whole.



### Honesty and integrity

We operate with the highest degree of personal and professional integrity. We need and want our clients to trust us. This also goes the other way round i.e. the clients that we acquire also act with highest levels of honesty and integrity. These aspects are covered through our ethics and independence policies and our risk management policies.



### Mutual support and respect

Value and support each other. Maintain an inclusive working environment where teamwork and relationships matter. We hold all personnel accountable under a code of conduct through which they are required to treat each and every individual with respect and without any discrimination.

This allows us to work better together and to deliver better services to our clients as a result.



### Professional and personal client relationships

Understand the person as well as the business. Build long standing relationships based on respect, trust and exceptional quality of service. This reflects our commitment to understanding our clients and their businesses and markets.



### Empowerment and personal responsibility

We give our employees the freedom and trust to deliver the work that our clients expect. The employees are also made to realize that with trust also comes huge responsibility. The leadership continuously monitors the staff to be able to have control over the work of individuals.

The legal landscape of the profession has been undergoing major improvements in recent years as part of The Regulations Review Program, one of Vision 2030 transformation programs. It started with the release of the new Professional Companies Law few years ago, followed by the Profession Accounting and Auditing Law and the Regulations for The Saudi Organization for Chartered and Professional Accountants (SOCPA). The Firm has changed its legal structure from a partnership to a Closed Joint Stock Company. This would mean that the firm is continuously thriving to promote a better and stronger governance structure within the Firm.

Hope you will find our transparency report informative.



*TO US, CONTINUOUS IMPROVEMENT AND ACHIEVING HIGH LEVELS OF QUALITY IS AN ONGOING PROCESS AND WE ARE CONTINUOUSLY RAISING OUR BAR IN THIS REGARD.*



**Dr. Mohamed Al-Amri,**

Chairman Board



**Gihad Al-Amri,**

Managing Partner





# Our Firm

Dr. Mohamed Al-Amri & Co. is the Member firm of BDO in Saudi Arabia (referred to in this report as “BDO Al-Amri” or “the Firm”). It is a professional Closed Joint Stock Company registered under the number 66/11/323..

The Firm is led by the Chairman of the Board of Directors, Dr. Mohamed Al-Amri, who sets the Firm’s strategy and ensures its implementation. The Managing Partner also a Member of Board of Directors, Gihad Al-Amri, along with the other partners assist the senior partner in implementing the strategy and running the day to day operations.



## The Firm leadership team and partners consist of:

**Dr. Mohamed Al-Amri**, the Chairman of the Board of Directors along with the Board is responsible for setting up the Firm strategy and ensuring its implementation.

**Gihad Al-Amri**, the Managing Partner and Member of the Board of Directors assisting the Board of Directors in implementing the strategy and running the day to day operations.

**Jamal Al-Amri**, an equity partner who is working with the Managing Partner in running the day to day operations and achieving the overall objectives set by the Board of Directors.

**Maher Al-Khatieb**, a partner who is working with the Managing Partner in running the day to day operations and achieving the overall objectives set by the Board of Directors.

**Ahmed Al-Jumah**, a partner and Member of the Board of Directors who is working with the Managing Partner in running the day to day operations and achieving the overall objectives set by the Board of Directors.

The firm has the following committees and groups:

- 1) Audit and Assurance Steering Committee with the responsibilities as envisaged in their terms of reference. The committee meets frequently to ensure alignment of the practice with the strategy and quality requirements.
- 2) Technical Advisory Group comprising of audit partners and directors and is responsible for consultations on technical matters that arise within the firm.
- 3) Functional Leaders Committee with responsibilities regarding running of the day to day operations and consists of all the functional leaders of the firm.

During the year ended 31 August 2022, the Audit and Assurance Steering Committee discussed the Firm’s recruitment plan for 2022, the plan for 2022 annual training, updates to the international standards and regulatory requirements, applications of standards, updates to the Firm’s policies and procedures related to audit, the result of 2021 internal inspection program, the use of new audit tools, updates to BDO Audit manual, and future challenges and the strategic direction of the firm.

**None of BDO Dr. Mohammed Al-Amri & Co. partners hold any director positions in committees or an employee position with an ability significantly affect the operations of the companies under the CMA supervision.**

Please refer to Appendix I for The Firm organizational structure





# Our Firm (Continued)



## Basis for partners' remuneration

Partner's compensation consists of monthly salaries decided by the Chairman of the Board and Managing Partner and based on the following:

- ▶ Consideration of the partner's role in the Firm, and
- ▶ The quality of work, but is not directly related to the individual's financial performance, and
- ▶ Seniority in the Firm



## The BDO Network

BDO is an international network of public accounting firms, the BDO member firms, which perform professional services under the name and style of BDO. BDO is the brand name for the BDO network and all BDO member firms. 'BDO' and 'BDO International' are trademarks of Stichting BDO.



## Legal and Structural Arrangements in the Network

Each BDO member firm is a member of BDO International Limited, a UK company limited by guarantee, either as a voting member (one per country) or a non-voting member. The network is governed by the Council, the Policy Board and the Executive (or Global Leadership Team) of BDO International Limited.

The Council comprises one representative from each voting member and comprises the members of BDO International Limited in general meeting. The Council approves budgets, appoints the Policy Board and approves any changes in the Articles and Regulations of BDO International Limited.

The Policy Board, which is the Board of Directors of BDO International Limited, currently comprises a representative of the network's five largest member firms, whose appointment, each for a three-year term, is approved by the Council. The Policy Board sets policies and priorities for the network and oversees the work of the Global Leadership Team. The Policy Board meets at least four times a year and more if required.

The Global Leadership Team is tasked with coordinating the activities of the network on a day-to-day basis. It is headed by the CEO and comprises the Global Heads of Audit & Accounting, Tax, People, Client Service, Network Development and the International Secretary.

Service provision within the BDO network is coordinated by Brussels Worldwide Services BVBA, a Belgian limited liability company with its seat in Brussels. BDO International Limited and Brussels Worldwide Services BVBA do not provide any professional services to clients. This is the sole preserve of the BDO member firms.

Each of BDO International Limited, Brussels Worldwide Services BVBA and the BDO member firms is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of BDO shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide services BVBA and/or the BDO member firms







# Our Firm

## Independence policies

As independence and ethical conduct are a the most important pillars of international professional standards and regulatory requirements, we strictly follow our independence policies and we have designated a Head of Risk and Independence to ensure the full compliance with the Risk Management Manual and Independence Manual and ethical conduct requirements.

Our risk management and independence policies have been prepared in accordance with IESBA Code of Ethics requirements, Saudi law, and regulatory requirements and have been effectively followed.

## Independence of The Firm, Partners and Staff

Independence of the Firm, partners and staff is governed by the Firm's policies. Robust systems and respective procedures are applied to ensure compliance with laws, professional standards and regulations, including the principles and requirements of the Saudi Organization for Chartered and Professional Accountants and the IESBA Code of Ethics for Professional Accountants. The Firm's policies consider independence from various perspectives. This includes, but is not limited to, our relationships with audit clients, the approval of non-assurance services to audit clients, long association of personnel with assurance clients and fee arrangements.

## Services Provided to Audit Clients

We have policies and procedures in place to identify and resolve any threat to integrity, objectivity and independence and other fundamental ethical principles if they do arise, so that the professional conduct of the Firm is not compromised. This includes consideration of instance where fees from non-audit services may potentially impact assurance work, whether in reality or in perception. We ensure that we remain independent both in terms of mind and appearance. The Firm continually reviews the effectiveness of such policies and procedures and as changes to laws and regulations arise, these are revised accordingly. Before providing any service, the audit engagement partner considers any potential conflict of interest or threat to independence that may arise before approving such service.

## Independence Declarations

On commencing employment with BDO, and annually thereafter, partners and staff are required to complete the independence declaration process. Confirmations are obtained from partners and staff that our policies around financial, business, employment and personal relationships have been complied with and requires all such relationships to be declared. Further, all audit engagement team members, including internal experts, are required to confirm and declare their independence prior to commencing the audit. This declaration is documented and maintained in the audit engagement file.

## Conflict of Interest and Independence Checks

Our independence management system assists the Firm in demonstrating compliance with professional, regulatory and legal requirements by maintaining documented evidence of conflicts and appropriate resolutions.

A conflict and independence check (CIC) is sent locally and internationally, where appropriate, to all partners and staff prior for a new engagement being accepted.

When a conflict is identified, Firm Risk Administrators and Firm Risk Managers in each location assist with resolving any issues identified. Where required, this is resolved with direct assistance from the Firm Risk Leader or the Managing Partner. When the Firm is unable to reach an appropriate resolution to a threat to independence or conflict through appropriate safeguards then the engagement may need to be declined after proper documentation of the facts and circumstances

## Global Independence

In order to perform effective enquiries to ensure that our independence on a global basis is not compromised, all partners and staff have access to a worldwide register of BDO's clients that are restricted entities. Such entities comprise those (mainly) assurance clients of which all BDO firms must be independent and include all financial statement audit clients relating to public interest entities as determined by the relevant jurisdiction.

When a proposed engagement involves a client who has operations outside Saudi Arabia, a conflict check is sent using our international conflict checking tool. This tool allows for checks to be targeted to specific countries or regions and for checks to be circulated globally.





# Quality Management

## Implementation of ISQM 1 and ISQM 2

The Firm is faced with the upcoming implementation of International Standards on Quality Management “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” ISQM1 and “Engagement Quality Reviews” ISQM2.

ISQM 1 requires that a compliant system of quality management be designed and implemented no later than December 15, 2022 and that the first annual evaluation be performed within one year of that date.

The Firm is currently in the process of preparing and updating the policies and procedures to comply with ISQM 1 no later than the dates. Our activities include, among other things, assessing the requirements laid out in ISQM 1, analyzing our current system of quality management to identify changes and improvements necessary to comply, identifying and assessing quality risks, and designing responses to address those risks. We are also working with BDO International to appropriately integrate processes deployed at a global level including use of tools and practice aids into our system of quality management and providing trainings to our staff assigned for this task.

The BDO Global has provided many resources to help in efficient implementation of the Standards. The Firm has been able to perform the risk assessment process, including setting up of a BDO ISQM Manual. A platform has also been developed which is known as the “BDO System of Quality Management Platform”, which helps in documentation of:

- 1) All components of ISQM.
- 2) All objectives.
- 3) Risk assessment which can also be tailored to the Firm needs.
- 4) Responses to the risks through documenting controls and policies and procedures.
- 5) Monitoring actions.
- 6) Remediation actions including assigning the responsibility for remediation.

In ISQM 2, the performance of an EQ review is undertaken at the engagement level by the EQ reviewer on behalf of the Firm. Accordingly, ISQM 2, Engagement Quality Reviews, addresses:

- ▶ The appointment and eligibility of the EQ reviewer; and
- ▶ The EQ reviewer’s responsibilities relating to the performance and documentation of an EQ review.

ISQM 2 is effective for periods beginning on or after December 15, 2022.

There are many drivers to achieving audit quality. These are often categorised in terms of those that are directly relevant to auditor performance (i.e. the performance of the engagement partner and team) and those that are external to the team and outside of our control.

During the current year, the Firm continued to apply the BDO Audit Quality Framework that has been developed by BDO Global Audit Steering Committee (ASC) for use by member firms to support the continuous consideration and enhancement of audit quality across the network. In summary the framework provides potential actions that can be undertaken within a member firm to address the factors that influence audit quality.

Moreover, and with consultation with the ASC and the Global Head of Audit and Accounting, Risk Management at the Global Office, a list of audit quality recommendations and reminders for member firms are announced regularly.

The Firm’s compliance with quality requirements is assessed during BDO Quality Monitoring Program.

In addition, the Firm has also implemented an Internal Inspection Program as approved from BDO Global for firms which achieve a certain size. The Internal Inspection Program is a part of the monitoring and remediation component that is very critical to the implementation of ISQM.

The Firm’s system of internal quality control is designed to provide reasonable assurance that the Firm, its partners and staff comply with professional standards and regulatory and legal requirements, work is performed to a consistently high standard and that reports issued by the Firm are appropriate





# Quality Management (Continued)



The Firm's system of internal quality control can be split into the following elements:

- Leadership responsibilities for quality within the Firm
- Ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Human resources
- Engagement performance
- Monitoring



## 1) Leadership responsibilities for quality within the Firm

Quality control is dependent upon an organisational structure which is inherently sound and which clearly defines the responsibilities of the various levels of management.

The Firm has clearly established responsibilities for the Chairman the Managing Partner, and other senior personnel.

Clear and consistent tone at the top has been set with no compromise on quality which also includes zero tolerance on non-compliances of the laws and regulations.

Clear job descriptions and performance indicators are set at all levels including those leading specific areas such as:

### The Head of Audit is responsible for the following:

- ▶ Be aware of the continuously monitor the operations of the Audit and Assurance (A&A) department of the Firm.
- ▶ Coordinate with the HR department and Managing Partner with regard to resource allocation and other matters for the conduct of the audits. These include Technological, Human and Intellectual resources.
- ▶ Responsible to improve overall client service and monitor the overall service delivery.

- ▶ Disseminate and ensure the policy of consultation is being
- ▶ Ensure that all the engagements of audit are archived on timely manner in accordance with the local and Global Policies.
- ▶ Ensure that client and engagement acceptance policies and procedures are followed on each engagement and proper engagement letters are issued to all clients before the work starts on the engagement.
- ▶ Ensure that independence and ethical requirements are adhered to on the engagements.
- ▶ Help and support the HAAQM and others responsible for quality aspects of the firm to perform their duties and responsibilities without any hindrance.
- ▶ Implement the audit quality indicators as required by the BDO Global on the engagements.

### The Head of Risk & Independence, assists the Audit Partner, who inter alia is responsible for the following:

- ▶ monitoring of independence;
- ▶ monitoring the Firm's auditing work is in accordance with the requirements of Risk Management policies; ; and
- ▶ evaluating the Firm's quality controls policies and procedures for functional areas.





# Quality Management (Continued)

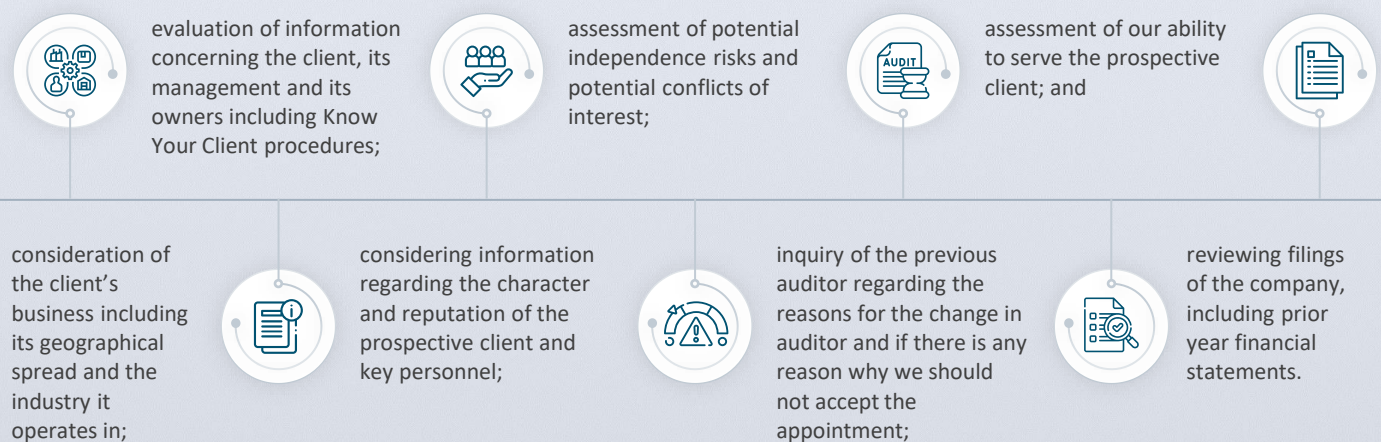
## 2) Ethical Requirements

The Firm's Ethics and Independence Manual contains the principles and rules relating to ethical conduct. This is supplemented by forms and complemented by a comprehensive training program designed to ensure compliance with both International and Saudi Ethical Standards. The manual is available to all staff. Annual declarations are made by all partners and staff to ensure compliance with relevant ethical requirements.

## 3) Acceptance and continuance of client relationships and specific engagements

Robust client and engagement acceptance procedures play a pivotal role in the Firm's ability to deliver a professional and quality service.

**Prior to the acceptance of any new client, certain procedures to assess the risks associated with that client must be carried out. These include:**



The acceptance of all clients requires an approval process that is appropriate to the perceived risk.

"High risk" assurance clients require a special approval from an acceptance committee consists of 2 partners and led by the Managing Partner.





# Quality Management (Continued)

## 4) Human Resources

Human resources is a critical factor in our ability to provide professional services. In order to ensure that the Firm has sufficient personnel with the capabilities, competence, and ethical standards necessary to provide quality audits in accordance with professional and legal requirements we have established clear policies and procedures addressing the following areas:

- ▶ recruitment
- ▶ performance evaluation
- ▶ capabilities and competence
- ▶ career development, promotion and compensation
- ▶ forecasting of personnel requirements.

### Recruitment

Policies and procedures for recruitment are designed to ensure that those employed are professionally competent and possess the appropriate characteristics to enable them to deliver a high quality service.

We work actively to ensure that diversity is embedded within the Firm's culture, not just in principle but in practice. Inclusivity within the organisation, whether it is based on age, gender, ethnicity or physical capabilities, strengthens the Firm's values, makes the Firm more representative and more capable of providing a quality professional service.

We seek people with high levels of intelligence, stability, maturity, integrity, motivation, aptitude and leadership qualities appropriate to the role for which they are being hired.

The Head of HR regularly reviews these policies and procedures to ensure that they are appropriate in the current changing world and circumstances..

### Performance evaluation

All staff members are subject to formal performance appraisal, review and counselling on a regular basis, in order to evaluate the level of competence, monitor training and to help them reach their full potential. Performance appraisal includes a review of each individual's contribution to the quality of service(s) provided by the Firm.

Evaluations are completed on annual basis. The factors evaluated (which may vary by level) include professional and technical competence, management skills and analytical and judgement skills. Quality matters are also part of the evaluation system.

## Capabilities and competence

Policies and procedures for assigning personnel to engagements are designed to ensure that only those persons having adequate technical training, proficiency and competence will perform the work.

A current profile of staff's technical proficiency is obtained by personal knowledge and experience. This profile is used to assess the suitability of the staff member for specific subsequent assignments. In addition, consideration is given to ensure that staff have the necessary technical knowledge and other skills appropriate to the size, complexity and nature of the planned work.

### Career development, promotion and compensation

Staff career development is a key motive for staff. Generally, there is staff progression from an introductory staff level to supervisor, to manager and then to senior manager. Staff are promoted to the next level only when they are prepared for the increased responsibilities that promotion entails.

Non-compliance with the Firm's policies and professional standards is also considered as areas of growth. Lack of compliance is reflected through additional training, delays in promotion or through dismissal for serious instances of non-compliance.

In order to be considered for admission to partnership, a candidate's integrity, honesty and moral character must be above reproach. While attributes of individual applicants may differ because of technical specialisation and years of experience, there are three basic attributes that all candidates must possess: technical competence in a chosen field of expertise;

- ▶ technical competence in a chosen field of expertise;
- ▶ pride in self, the Firm and the profession; and
- ▶ professional attitude in work habits.

Partner compensation is reviewed regularly which includes consideration of the partner's role in the Firm, and the quality of work, but is not directly related to the individual's financial performance.

### Forecasting of personnel requirements

We recognise that ultimately it is the quality and commitment of the partners and staff that really makes a difference and enables us to deliver a quality audit. Given this, our ability to attract the right number of high quality people is of utmost importance. We predict personnel requirements so as to continue to service the Firm's clients and provide sufficient capacity to enable its partners and staff to develop the business.







# Quality Management (Continued)

## 5) Engagement performance in the Audit Stream

### Common methodology

Our policies and procedures are designed to ensure that audits meet all applicable professional standards, regulatory requirements and that the Firm issues reports that are appropriate in the circumstances. To achieve this and to ensure consistency in the approach to auditing, BDO International has developed the common BDO Audit Methodology, related software tools and other standard forms of documentation. This methodology is fully compliant with International Standards on Auditing as endorsed by SOCPA and where appropriate these common processes are used by BDO International member firms.

### Supervision and review

We require all professional work to be supervised by staff members who have appropriate knowledge and experience. It is the responsibility of the relevant partner or director to ensure that related risks are identified and that decisions are taken by those with an appropriate level of authority. The relevant partner or director must also ensure that professional work is carried out efficiently and that it meets the Firm's standards in all respects.

Our review procedures are designed to ensure effective control of the audit as it progresses. At a general level these policies are designed to ensure that:

1. the work is performed in accordance with applicable standards and regulations;
2. significant matters have been raised for further consideration and appropriately addressed;
3. appropriate consultations have taken place;
4. the planned work has where necessary been reviewed and that the objective of all planned work has been achieved;
5. the work performed and evidence obtained supports the conclusions reached; and
6. the documentation present on the audit file enables an experienced auditor to understand the significant matters arising on the audit as well as the nature, timing and extent of the procedures undertaken, the results of those procedures and the evidence obtained.

### Software and "How to" guides

BDO Global has an Audit Processing Tool Next Generation (APT NG) through which all team members have easy access to all files and can document standard work papers from anywhere in the world. The software also has a monitoring function through BI in a Box tool which helps the Head of Audit and Assurance Quality Management to monitor files that are approaching deadlines for archival, which are communicated to all partners and directors for their action.

BDO also provides "How to" guides for various areas, some examples are:

- Risk Assessment Process
- Understanding the IT Environment
- Introduction to the Spectrum of Inherent Risk
- Sampling methodology etc.

An Engagement Quality Review policy is applicable on the firm whereby EQR is performed for audits of public interest entities and other high risk engagements. The EQR reviewer will be familiar with the auditing and reporting practices used during the engagement, and be knowledgeable and familiar with the client's industry, but will be independent of the client's audit team.

As per the policy, the person appointed for EQR:

- Has the competence and capabilities, including sufficient time, and the appropriate authority to perform the engagement quality review;
- Complies with relevant ethical requirements, including in relation to threats to objectivity and independence of the engagement quality reviewer.

EQR reviewers are appointed by the Head of Audit or the Managing Partner, or an independent person where the Managing Partner or Head of Audit is also the Engagement Partner.

### Consultation

The Firm has a Technical Leader who is responsible to be consulted as and when required and also leads a Technical Advisory Committee as per the Firm policy.

Our culture encourages consultation with experienced partners/directors and other specialists where appropriate.

The Firm also has a difference of opinion policy to address the matters of difference in opinion. If the partners and directors could not reach to a conclusion, the issue should be raised to BDO International and/or SOCPA for the consultation



# Quality Management (Continued)

## Monitoring of the Audit Stream

Our policies and procedures concerning monitoring activities are designed to give the Firm reasonable assurance that the Firm's internal quality control system is operating effectively and is being complied with in practice.

Our leadership sets examples which significantly influence the internal culture of the Firm. Clear, consistent and frequent actions and messages from all levels of the Firm's management play a significant role to promote a quality-oriented internal culture that emphasizes the Firm's quality control policies and procedures, and the requirement to:



perform work that complies with professional standards and applicable legal and regulatory requirements; and



issue reports that are appropriate in the circumstances.

Such actions and messages encourage a culture that recognizes and rewards high-quality work. These actions and messages are communicated by, training seminars, periodic meetings, formal or informal dialogue, or briefing memoranda. They are incorporated in the Firm's policies and procedures related to the quality management system and training materials, and in partner and staff appraisal procedures such that they will support and reinforce the Firm's view on the importance of quality and how, practically, it is to be achieved.

The Firm's leadership promotes the internal culture of quality and ensures that it is applied consistently in all the Firm's engagements. Promoting such an internal culture includes:



Establishment of policies and procedures that address performance evaluation, compensation, and promotion about Firm's personnel, in order to demonstrate the Firm's overriding commitment to quality;



Assignment of management responsibilities so that commercial considerations do not override the quality of work performed; and



Provision of sufficient resources for the development, documentation and support of our quality control policies and procedures.

In addition to that, our quality control system also includes a periodic Internal Inspection Program (IIP) to assess the quality of audits performed on various assignments.

This is an annual Internal Inspection of the Firm (prior to the implementation of a full monitoring and remediation process under ISQM1) and includes:

- Review of the functional areas (quality components); and
- Review of engagement files of the audit and assurance service line.

The selection and / or grading criteria are the similar to those used during the BDO Quality Review Program.

The review process is undertaken by senior staff independent of the selected audit client. Selection is made by the Head of Audit and Assurance Quality Management and approved by the Managing Partner. The sample selected is weighted to include an appropriate number of Public Interest Entities (PIE), including listed clients, as well as non-PIEs clients. All external audit engagement partners and directors were selected in 2021 IIP.

Independence of the reviewers is ensured through having each partner reviewed by a team independent from the engagement. Instructions are issued to the reviewers in advance of the review setting out the objectives of the process, a checklist, appropriate guidance and reporting templates.

Each review considers all matters from client take on, through planning and executing the assignment, to reporting and the role of the EQCR.

The review report details the results of the review and includes the grading for the engagement reviewed. The report highlights common findings noted for improvement. A root cause analysis is carried out, combining all findings from all reviews and action plans are prepared and implemented for root causes identified from the IIP.

Results from the IIP form the part of senior directors and partners' appraisals. We perform a root cause analysis for all common and significant findings noted from the IIP.

In the same manner, the Firm is reviewed by BDO International in the form of QAR inspections. Inspections are usually carried out on a 3-year cycle. The last was completed in December 2019. The QAR inspections adopt a similar format to the IIP but with enhanced independence as experienced overseas reviews, taken from an international pool, are used.

## Results of the latest IIP

The most recent IIP was conducted in the period of August – October 2022. The review was conducted by a team of two partners and five senior directors. This process has been carried out under the surveillance of Head of Audit and Assurance Quality Management and Head of Risk. During this review, seven samples of audit engagements were chosen, four of which are ESASs. The sample covers all the firm's offices, partners, and directors.

The inspection program identifies four possible results, same as used by BDO International described above.

The result of the review showed that three samples rated as "satisfactory", three samples rated as "acceptable with some areas to improve", and one sample rated as "Major areas to improve".





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# Quality Management (Continued)



## Result of last quality review

The most recent review carried out by BDO International in December 2019, where a sample of four audit engagements was selected and resulted in the following, as per BDO International's rating criteria:

The inspection program identifies four possible results:

1

satisfactory

2

satisfactory with  
minor comments  
for improvement

3

significant  
improvement  
needed

4

unsatisfactory

The review resulted in two selected files as satisfactory and the remaining two files as satisfactory with minor comments for improvement.



## External review

The Firm is registered with the CMA to carry out the audit of Entities Subject to the Authority's Supervision "ESASs". Registered firms are inspected to ensure compliance with the Rules for Registering Auditors of Entities Subject to the Authority's Supervision.

The first inspection conducted by CMA was in January 2021. the inspection covered a sample of eight ESASs, in addition to the Firm's system of quality control. The review identified some comments in the performance of the audit in which the Firm has identified the root causes and worked on remediation plan.

The Firm is also under the supervision of the Saudi Organization for Chartered and Professional Accountants "SOCPA". The last inspection conducted by SOCPA was in November 2021. the inspection covered a sample of three audit engagements. The review identified some comments in the performance of the audit in which the Firm has identified the root causes and worked on remediation plan.



## Management Executive statement on effectiveness of functioning

These policies, procedures and monitoring activities have provided the Firm's Management Executive with reasonable assurance that the Firm, its partners and staff have materially complied with applicable professional, regulatory and legal requirements, that work has been performed to a consistently high standard and that appropriate reports have been issued.







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# Sanctions and Litigations



## Sanctions and violations

The Accounting and Auditing profession violation committee issued its decision (03/433) dated 19/01/2022 to prohibit one of our licensed partners from practicing the profession for 30 days starting from 15/02/2022.



## Litigation and claims

There has been no litigation, claims, or on-going investigation against our Firm that might have a material impact on our business in the last fiscal year.



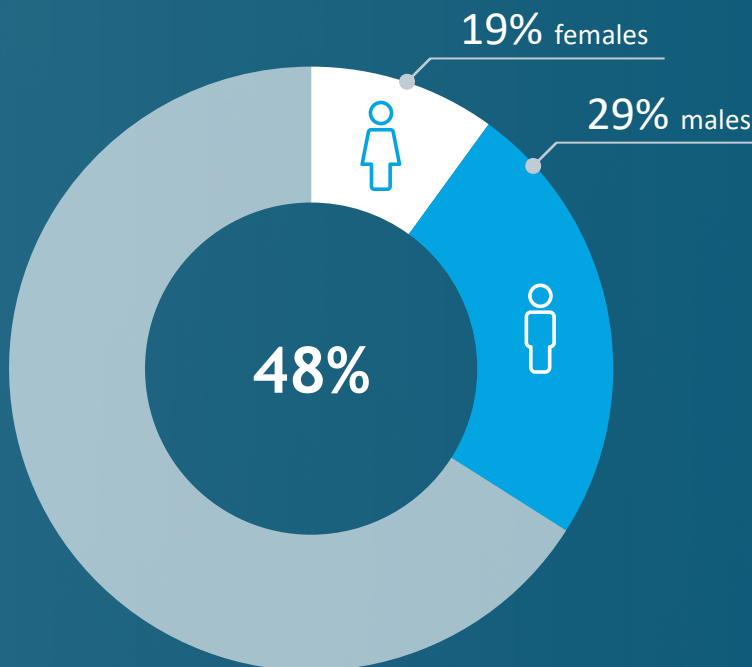


# Saudization

Enabling and empowering Saudi nationals is a top priority for BDO Al-Amri. We work with youngsters from their later years in university where we participate in co-op programs. Student are allocated to the different service lines based on their interests and a designated senior is held responsible for his/her training. Some of the co-op students continue with the Firm after graduation in addition to other university graduates.

Fresh graduates are provided with practical training as soon as they join. This enable them to be in the field right after joining and apply what they have learned in real life. They are provided with full support and guidance to allow them to understand what they are practicing.

In addition, we have a mentoring-coach program to guide and assess staff towards meeting their career goals and aspirations. The program is a powerful force for developing employees and the organization, from helping new hires feel welcomed to building staff loyalty and retention. Under this program BDO Al-Amri help establish a career plan, offer insight and advice about potential challenges, and serve as a sounding board for ideas and career-related decisions.



WE ARE PROUD THAT OUR SAUDIZATION RATE HAS REACHED 48%, OUT OF WHICH 19% FEMALES AND 29% ARE MALES.

Our goal is to reach 60% over the coming three years.







# Professional Education and Training

The Firm has a policy of facilitating and encouraging continuing education as an important means of developing knowledge and maintaining and improving the quality of its services and of motivating and retaining its personnel.

The continuing education program is comprised of training sessions organised by the Firm specifically designed to meet its needs, by the BDO International network as well as external training by relevant professional bodies. Certain courses are mandatory and others are optional. The CPE requirements for professional auditors in Saudi Arabia are also factored in to the program.

Extensive training is given to all new recruits on the BDO audit methodologies, tools and processes.

More experienced personnel and partners are encouraged to constantly update and deepen their technical knowledge.

Continuing professional education is also a factor taken into account for the yearly evaluation of audit staff and the assessment of their career potential within the Firm. We are committed to developing and maintaining the highest possible standards of technical competence through our own development programs.

We have developed a curriculum providing technical training for our professionals throughout their careers. For all new assurance professionals, there is an orientation program covering the Firm's audit approach and procedures and its organisational structure.

All qualified audit staff, including managers and partners, attend regular technical update courses. These courses are complementing by on the job coaching which provides a significant aspect of their professional development.

As part of an individual's performance appraisal, professional development needs are assessed and courses or other training opportunities are identified.

## Our Professional Education and Training program for the year ended 31 August 2022 covered the following topics:

- ▶ Updates to BDO Audit manual
- ▶ Training on specific ISAs
- ▶ Advanced IFRSs training
- ▶ Anti-Money Laundering
- ▶ Independence and Ethical requirements

## The training was facilitated through the following channels:

- ▶ BDO Global training portal
- ▶ BDO Global virtual training sessions
- ▶ BDO Al-Amri & Co. in-house training sessions

Below is the average hours of training taken by our professionals participating in the audit of ESASs for the year ended 31 August 2022:

Position	Average Hours
Partner	63
Director	63
Manager	59
<b>Technical; Staff</b>	<b>43</b>







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# Financial Information

	SAR (million)
Total Revenue	103.2
Total revenues from audit engagements for ESAS	12.2
<u>Total revenue from non-audit services for ESAS:</u>	
ESAS audit clients	1.9
ESAS none audit clients	4.6



# Appendix I

Below is the Firm's organizational structure:







## Appendix II

ESAS Audit clients during the reporting period are listed below. The total hours spent auditing those clients are 42,015 hours of which the partners spent 903 (represents approximately 2% of total hours spent on ESAS audit engagements)

### Client Name (English)

### Partner In charge

Najran Cement Company	Maher Al-Khateib
National Medical Care Company	Gihad Al-Amri
SABB Takaful Company	Gihad Al-Amri
BAIT Alshateerah Fast Food Resturants	Gihad Al Amri / Maher Al-khatieb
Elm Company	Gihad Al-Amri
Sinad Holding Company	Gihad Al-Amri
City Cement Company	Jamal Al-Almri
Sadr Logistics Co.	Gihad Al-Amri
Zahrat Al Waha Trading Company	Gihad Al-Amri
Abdullah Al-Othaim Markets Company	Gihad Al-Amri
Naqi water company	Gihad Al-Amri
Saudi Marketing Company	Gihad Al Amri / Maher Al-khatieb
Saudi cement company	Maher Al-Khateib





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## Appendix II (Continued)

Client Name (English)	Partner In charge
Naba Al Saha Medical Services Company	Maher Al-Khateib
National Metal Manufacturing and Casting Company	Maher Al-Khateib
Academy of learning company	Mohamed Alamri/Maher Al Khateeb
Saudi Steel Pipes Company	Maher Al Khateeb
Gas Arabian Services Company	Jamal Al-Amri/ Gihad Al-Amri
Mobile Telecommunications Company Saudi Arabia	Gihad Al-Amri
Fawaz Abdulaziz Al Hokair & Company	Gihad Al-Amri
Tabuk Agricultural Development Co.	Jamal Al-Almri
Fitahi Group Holding Company	Maher Al-Khateib
Aljouf Agricultural Development Co.	Maher Al-Khateib
Halwani Brothers Company	Jamal Al-Almri/Maher Al Khatibe
Yanbu Cement Company	Jamal Al-Almri/Maher Al Khatibe
Allied Cooperative Insurance Group Company – ACIG	Maher Al-Khateib
Al-Jouf Cement Company	Maher Al-Khateib
Anaam International Holding Group	Maher Al-Khateib
Saudi Industrial Development Company (SIDC)	Maher Al-Khateib
Al-Hammadi Holding	Gihad Al-Amri
Seera Holding Group	Mohamed Alamri/Jamal Al-Amri





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## Appendix II (Continued)

### Client Name (English)

### Partner In charge

The Company for Coeprative Insurance	Gihad Al-Amri
Tamra Capital Company	Maher Al-Khateib
Alinma Investmnet Company	Gihad Al-Amri
Swicorp Company	Gihad Al-Amri
Morgan Stanley Saudi Arabia	Gihad Al-Amri
Yaqeen Capital (formerly Falcom Financial Services)	Gihad Al-Amri
Malaz Capital Company	Gihad Al-Amri
Alinma IPO Fund	Gihad Al-Amri
Alinma Saudi Equity Fund	Gihad Al-Amri
Alinma Saudi Riyal Liquidity Fund	Gihad Al-Amri
Alinma Multi Assets Balanced Fund	Gihad Al-Amri
Alinma Wareef Endowment Fund	Gihad Al-Amri
Alinma Enayah Endowment Fund	Gihad Al-Amri
Alinma Orphan Care Endowment Fund	Gihad Al-Amri
Alinma Makkah Real Estate Fund	Gihad Al-Amri
Wasatah Saudi Equity Fund	Gihad Al-Amri
Yaqeen Gold Fund (formerly Falcom Gold Fund)	Gihad Al-Amri
Yaqeen Saudi Equity ETF (formerly Falcom Saudi Equity ETF)	Gihad Al-Amri





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## Appendix II (Continued)

### Client Name (English)

### Partner In charge

Yaqeen IPO Fund (formerly Falcom IPO Fund)

Gihad Al-Amri

Yaqeen Petrochemical ETF Fund (formerly Falcom Petrochemical ETF Fund)

Gihad Al-Amri

Yaqeen SAR Murabaha Fund (formerly Falcom SAR Murabaha Fund)

Gihad Al-Amri

Yaqeen Saudi Equity Fund (formerly Falcom Saudi Equity Fund)

Gihad Al-Amri

Diyafa Makkah Fund

Jamal Al Amri

Emirate Income Fund 1

Maher Al-Khateib

Makah center fund

Maher Al-Khateib

Alinma Jeddah Economic City Real Estate Fund

Maher Al-Khateib

Alinma Danat Al Hada Real Estate Fund

Gihad Al-Amri

Alinma Durrat Al Hada Real Estate Fund

Gihad Al-Amri

Alinma Ewan Real Estate Fund

Gihad Al-Amri

Alinma Real Estate Fund

Gihad Al-Amri

Dahiat Al Somou Real Estate Fund

Gihad Al-Amri

Daniyat Makkah Hospitality Fund

Gihad Al-Amri

Al Qairawan Logistic Real Estate Fund

Gihad Al-Amri

Alinma First Income Generating Fund

Gihad Al-Amri

Alinma Althoraya Real Estate Fund

Gihad Al-Amri

Alinma Alakaria Real Estate Fund

Gihad Al-Amri





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## Appendix II (Continued)

Client Name (English)	Partner In charge
Alinma Logistic Disctrict Fund	Gihad Al-Amri
Alinma Logistic Park Fund	Gihad Al-Amri
Alinma Jeddah Econimic City Real Estate Fund	Gihad Al-Amri
Alinma Masharif Al Awali Fund	Gihad Al-Amri
Alinma Al Mohamdiya Real Estate Fund	Gihad Al-Amri
Meta Med Fund 1	Gihad Al-Amri
Wasatah Food and Beverage Private Equity Fund	Gihad Al-Amri
Yaqeen Arar Hills Fund (formerly Falcom Arar Hills Fund)	Gihad Al-Amri
Yaqeen Murabaha Financing Fund (formerly Falcom Murabaha Financing Fund)	Gihad Al-Amri
The Industrial Fund	Gihad Al-Amri
The Saudi SME Fund	Gihad Al-Amri





[www.bdoalamri.com](http://www.bdoalamri.com)

**BDO**

الدكتور محمد العمري وشركاه  
Dr. Mohammed Al-Amri & Co.