



Auditing profession regulation in Algeria and Qatar- a comparative study: Algerian law 10-01, Qatari law 2020-08

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Submitted:04/05/2024

Accepted:18/05/2024

Published:30/06/2024

Abstract:

The purpose of the study was to shed light on the auditing profession in both Algeria and Qatar to pinpoint the key differences in regulation and practices, in order to provide insight into how both countries can benefit from the other, and also to provide an avenue into how accounting and auditing convergence between the two countries my contributes to the international accounting and auditing convergence efforts, led by the different international accounting and auditing organizations around the world.

Keywords: auditing professions, Algerian regulation, Qatari law.

JEL Classification Codes: H83, M41, M42, M48.

Introduction:

Auditing in Algeria and Qatar may have similarities in terms of principles and standards but could differ in practice due to varying legal frameworks, economic structures and cultural contexts. Both countries likely adhere to international auditing standards, yet specific regulations, industry practices, and cultural factors could influence how audits are conducted and perceived in each nation's Legal Framework.

Auditing in Algeria is governed by the Algerian Commercial Code and the law N° 10-01 of 29/06/2010, which was issued in the Algerian Official Journal as a new vision to adapt auditing profession in Algeria with the international modern economic changes, and the adoption of the Algerian Financial Accounting System. While in Qatar, the profession is governed by the Qatar Financial Centre (QFC) Authority and the Qatar Central Bank. The QFC Authority regulates financial services, including auditing, within the Qatar Financial Centre, while the Qatar Central Bank oversees banking and financial institutions in the country. Through the Qatar Law No 8/2020 On the Regulation of the Auditing Profession Abrogating Qatar Law No. 30/2004 dated 13/07/2004.

The problem of the study:

- Is there a convergence between Algeria and Qatar in the regulation regarding the auditing profession?

Subsidiary questions:

- What is the current state of auditing profession regulation in both Algeria and Qatar?
- The professional practice of auditing in both Algeria and Qatar is characterized by specificities that do not align with other business environments.
- Can Both countries benefit from trading the other's experience within the framework of cooperation and knowledge exchange in the field?

1- Auditing Profession Organization in Algeria

Auditing in Algeria is governed by the country's legal and regulatory framework, which includes the Algerian Commercial Code, the Company Law, and other relevant regulations issued by the Ministry of Finance and the Algerian National Accounting Council.

Algerian authorities substituted the (Act N° 08-91, 1991) related to auditing profession in Algeria with the (Act N° 10-01, 2010).

One of the chief reasons of this substitution was set of deficiencies that have been noted in auditing profession, which can be summarized here: (KAMELLI, 2022, p. 112)

- The weakness of the previous law regulating the auditing profession in Algeria;
- The tight rivalry faced the Algerian auditing professionals by highly qualified foreign accounting expertise;
- The need of developing auditing profession in Algeria;
- Many auditors in Algeria lack knowledge and understanding of the international context due to the absence of any up-to date- training policy.

1-1- Auditor practitioners in Algeria:

Auditing professionals in Algeria are distinguished into two categories: Expert Accountants and commissioners of Accounts (**Statutory Auditors**).

1-1-1- Legal auditors (Statutory Auditors):

Article 22, (Act N° 10-01, 2010) identifies the Commissioner of Accounts as "**Every person who, in an ordinary manner, in his name, and under his responsibility, exercises the task of certifying the correctness and regularity of the accounts of companies and organizations and their compliance with the provisions of the legislation in force**". (law 10-01, 2010, p. 6)

1-1-2- Expert Accountant:

According to Article 18, (Act N°10-01, 2010) An Expert Accountant is "**any person who in an ordinary way, in his name and under his responsibility, organizes, examines,**

evaluates and analyzes accounting data, and the various types of accounts for enterprises and bodies stipulated by the law, which entrusts him with this task in a contractual capacity for accounting expertise". (law 10-01, 2010, p. 6)

1-2- Conditions for Practicing the Accounting Professions in Algeria:

Article 08, (Act N° 10-01, 2010) determined the general conditions that must be fulfilled to practicing the profession of an Expert accountant, a Commissioner of Accounts, and a Certified Accountant, which are summarized below (law 10-01, 2010, p. 02):

- The candidate must hold an Algerian Nationality;
- The candidate must hold a practicing profession certificate.
- He must enjoy all civil and political rights;
- He should not have previous convictions of a felony or crime affecting the reputation of the profession;
- Having the Minister of Finance approval to conduct his tasks;
- Being a member of the National Order of Expert Accountants, the National Chamber of Commissioners of Accounts, or the National Organization of Certified Accountants;
- To pledge oath in front of the Judicial Council after the Minister of Finance's approval and before his full membership in NOEA, The NCCA, or The NOCA.

1-3- Duties of auditor:

The Accounts Commissioner's tasks and duties that should be carried out which can be summarized as the following (BENAÏSSA, 2022, p. 523):

- Certifies annual accounts, that should be correct and fully consistent with the results of previous years operations, along with the financial position and property of companies and enterprises;
- Investigates the validity of the annual accounts and their conformity with the information indicated in the management reports, submitted by managers to shareholders, or partners as well;

- Expressing his unbiased professional opinion in the shape of a special report on the internal control system approved by management board directors;
- Evaluating agreements conditions signed between the company under exam and the enterprises or bodies affiliated with it, or between enterprises and bodies in which the managers or directors of the company have direct or indirect interests;
- To inform directors and the general assembly of any deficiency that he may have discovered or became aware of.

These duties and tasks involve examining the values and documents of the company, and assessing the extent to which accounting records conforms to the accounting rules in force without interfering with the management.

In addition, in the case when the company or the authority prepares consolidated accounts or supported accounts, the commissioner of accounts ought to certify the correctness and regularity of the consolidated and supported accounts, and prepares his report based on accounting records.

1-4- Auditor reports:

The legal auditor prepares the following reports:(law 10-01, 2010, p. 7)

- Report of certifying(with or without reservation) the regularity and validity of the annual financial statements.
- An approval report for supported accounts or merged accounts.
- Report of organized agreements;
- Report on the details of the top five compensations;
- Report on special privileges granted to users.
- Report on the evolution of the results of the last five years and the result by shares or social shares.
- Report on internal control system.
- Report in case of threat of continuous exploitation.

1-5- **Contraindications and incompatibility situations:**

When performing the task of external auditing within companies or any entity in Algeria, the external auditor must refrain from the following (BENAÏSSA ABDERRAHMANE, 2016, p. 183)

- Carrying out controlling tasks in the company in which he owns shares, directly or indirectly;
- Carrying out management tasks, whether directly or indirectly, or acting on behalf of managers;
- Accepting organizational tasks in holding or supervising the company subject of the auditing process;
- performing tax advisory services or any judicial expertise in the company under audit.
- holding a paid position in the company he supervised less than three (03) years after the end of his term.

Besides that, he must take into account the following incompatibility situations:

- to achieve moral and ethical independence, it is mandatory to avoid being into situations that are incompatible with the profession of the external auditor, which are
- Any commercial activity, especially in the form of an intermediary or agent charged with commercial and professional transactions;
- Any paid work requires the establishment of a legal subordination relationship.
- Any administrative assignment or membership in the company Supervision Council stipulated in the Commercial Law;
- Combining the practices of an accountant, legal auditor, and certified accountant within the same company or entity;
- Any parliamentary term;
- Any electoral term in an executive entity of elected local councils;

Teaching and research in the field of accounting in a contractual or supplementary do not fall in the cases of incompatibility

1-6- **Responsibilities of auditor:**

1-7-1- Disciplinary responsibility.

Disciplinary responsibility arises for accounting experts or legal auditors as a result of any technical or ethical violation or negligence in professional rules, and disciplinary penalties apply to them even after their resignation. (Irki Karim, 2017, p. 164)

The Disciplinary Committee of the National Accounting Council issues appropriate penalties in ascending order and according to their seriousness as follows:

- Warning.
- Reprimand.
- Temporary suspension for a maximum period of six (6) months.
- Suspension from the table.

1-7-2- Civil responsibility.

Accountant experts and legal auditors are civilly responsible towards their clients within the limits concluded in the contract. The civil responsibility of the legal auditor is that he bears general responsibility for carrying out his mission, and is committed to providing the means but not the results. A legal auditor is responsible for the controlling entity for the errors he commits during the performance of his duties. He would be considered complicit towards the entity or any third party for any damage resulting from the violation of 10-01 law. (Irki Karim, 2017, p. 165)

The civil responsibility of the legal auditor arises when the following elements are present:

- Auditor negligence and dereliction in performing his duties.
- The occurrence of damage to others as a result of negligence and dereliction.

- The existence of a causal relationship between the harm caused to others and the auditor's negligence and dereliction.

1-7-3- Penal responsibility.

Penal responsibility of the accountant expert and legal auditor arises from any dereliction in respecting legal obligation, or when carrying out any act or any procedure considered as crime in the law, such as the crime of accepting bribery, forgery, divulging professional secrets, impersonating personalities, or illegally performing auditing duties. Auditor is also considered penally responsible when he conceals and does not divulge criminal incidents and their perpetrators and thus considered a partner in the process.(Irki Karim, 2017, p. 167)

2- Auditing Profession Organization in Qatar:

Auditing in Qatar is influenced by the country's regulatory framework, economic dynamics, and cultural considerations. Qatar has been increasingly focusing on strengthening its financial regulatory environment to align with international standards and attract foreign investment. The Qatar Financial Markets Authority (QFMA) regulates auditing firms and ensures compliance with relevant laws and regulations.

The auditing profession in Qatar has been addressed in Qatar Law No. 8/2020 related Regulation of the Auditing Profession Abrogating Qatar Law No. 30/2004 dated 13/07/2004

2-1- Conditions for Practicing the Accounting Professions

According to Article 04 of the Qatar Law No. 8/2020 related with the Regulation of the Auditing Profession Abrogating Qatar Law No. 30/2004 dated 13/07/2004, Physical Auditors ought to fulfill the following conditions:(Qatar law No 8/2020, 2020, p. 2)

- Must be a Qatari.
- Having full legal capacity.
- Must hold university degree in the accounting or any other equivalent qualification.
- Having a good reputation, and has not been sentenced by a final judgment.

- Must not have been subject to a final judgment or disciplinary decision striking him off the Register.
- Must completed the training period, or having a continuing practical experience after obtaining the academic qualification for a period unless than three years..
- Must pass the qualification exam to practice the profession.
- Being dedicated to practicing the Profession on a full-time basis.

As an exception, a non-Qatari physical person may be registered and practicing the profession, if satisfying these requirements, in addition to the following:(Qatar law No 8/2020, 2020, p. 3)

- Holding a lawful residence in the State.
- Being a partner to any registered Qatari Auditor.
- Having a fellowship certificate from any accountant institutes or associations specified by the Committee, or being a member of the same for a period of not less than five years, or having completed the training period.

2-2- Duties of auditor

The Auditor had to perform the following tasks:(Qatar law No 8/2020, 2020, p. 7)

- Express his opinion after Reviewing and auditing the financial statements.
- Presenting reports on the annual periodic accounts and financial statements, of his customers.
- Providing studies, experience and advice in financial, economic, and taxation, and fields.
- Liquidation services.
- Any other services authorized to him by laws in the State.

2-3- Rights of auditor

The Auditor in Qatar has the following rights:(Qatar law No 8/2020, 2020, p. 7)

- Examining and requesting books, registers, documents, and other instruments, information and

- Get any necessary and essential clarifications that he may deem significant, to execute his tasks completely and correctly.
- No person may block him to obtaining all evidence confirming his opinion.
- Conducting inventory for the safes and warehouses of the firm under the audit, on the appropriate time.

2-4- Contraindications and incompatibility situations:

An Auditor may not engage in the following activities:(Qatar law No 8/2020, 2020, p. 8)

- Engaging in trade activities.
- Exercising the Profession in any way that is contrary to regulations and code of ethics, and generally accepted rules of professional conduct.
- Quarrying out acts that contradict accounting or auditing services performed.
- Holding any direct or indirect interest, with his client or any related party.
- Speculation in the securities of the customer (selling or buying), who is subject to the audit, either directly or indirectly, or providing any consultancies to any party thereof.
- Being a creditor or debtor to the customer, except for the fees of services offered.
- Being a partner or accountant in any other accounting company or office.

An Auditor may not audit the accounts of the entity that is subject to the audit, in the following cases:(Qatar law No 8/2020, 2020, p. 8)

- If he has participated in its forming, or was a partner or manager of the same, or if was employed by the said entity in any capacity unless at least two years have elapsed since the termination of employment.
- If he is a partner or agent of any founder or partner, or an employee or a first-degree relative of either one.
- Submitting any consultancy activities to the client, that is subject to the audit.

2-5- Responsibilities of auditor:

2-5-1- Civil Responsibility of Auditor:

The auditor is civilly liable in the following cases:(Qatar law No 8/2020, 2020, p. 10)

- The Auditor shall be responsible for audit and the validity of information mentioned in his report.
- The Auditor shall be liable for compensating for the damage that incurred to the client or third party due to inattention, negligence, or professional errors issued by him or by assistants under his supervision, in carrying out of the mission.
- In case of a several Auditors, then they shall be jointly liable.
- In case of carrying out of audit and review activities by a company, then all partners shall be held jointly liable to third parties for the damage that may be incurred.
- The Auditor shall be held responsible for any negligence or professional error that has resulted in any damage to a third party who used the financial statements signed by the Auditor in good faith.

2-5-2- Discipliner responsibility of auditor:

The auditor is discipliner liable in the following cases:(Qatar law No 8/2020, 2020, p. 11)

The Auditor is discipliner liable for regarding any matters attributed to him against honor or generally accepted rules of professional conduct and code of ethics, or involving negligence in the performance of duties, or contrary to the provisions of this Law, its Implementing Regulation and implementing decisions or any provisions related to any other relevant laws or regulations in effect.

An Auditor who fails to satisfy or violates any of the professional obligations or who commits a violation against the professional rules or generally accepted accounting and auditing standards or code of ethics or who violates any of the provisions of this Law, its implementing regulations, or decisions or the provisions of any other relevant laws or regulations in effect, shall be subject to the following disciplinary sanctions:

1- Notice.

2- Warning.

3- Cessation of practice of Profession, for a period not exceeding three years.

3- Striking off the register.

2-5-3- Penal responsibility:

The auditor is penally liable in the following cases:(Qatar law No 8/2020, 2020, p. 12)Without prejudice to any more severe penalty provided for in any other Law, penalties shall be imposed against any person who:

- Inserts false information in any report, account, or document .in the course of carrying out his Profession.
- Ratifies false statements in a document required to be issued by regulation or Signs an incorrect report
- Ratifies fictitious or unrealistic profits.

2- Comparison of the most important elements of the General framework of professional practice in Algeria and Qatar:

Auditing practices in Algeria and Qatar may share some similarities but also have notable differences due to variations in legal frameworks, regulatory environments, and cultural factors. In order to make a comparison between the two contexts, we relied on the following criteria:

Table (01): Summary of General framework of professional practice

The general framework of professional practice		
The General Conditions	<ul style="list-style-type: none"> - Only Algerians citizen -The practice is independently only -Accreditation from the Ministry of Finance -Registered in the table 	<ul style="list-style-type: none"> - A Qatari citizen and a non-Qatari physical person with conditions. - - registered in the Register of Auditors. <p>(Art 04 of Qatari law 2020/08)</p>
Qualifications	<ul style="list-style-type: none"> - Bachelor of Financial Sciences and other degrees. - Having successfully passed the training 	<ul style="list-style-type: none"> - Having a university degree in the accountancy field or any other qualification deemed to be equivalent. - Having successfully passed the training. <p>(Art 04 of Qatari law 2020/08)</p>
Remuneration	The pay scale includes a minimum and a maximum	Not mentioned
Tasks	Permanent and special tasks	Permanent and special tasks (Art 21 of Qatari law 2020/08)
Appointing authority	<ul style="list-style-type: none"> -General Assembly -President of the court 	Not mentioned
The involved companies	Some commercial companies	Not mentioned

The Auditors	External auditor(contractual and legal) - Statutory audits(legal).	External auditor (Art 02 of Qatari law 2020/08)
The auditor's mandate	The three-year term is renewable once	Not mentioned
appoint more than one auditor	Financial institutions and banks	Not mentioned

SOURCE: (Qatar law No 8/2020, 2020) and (law 10-01, 2010), (Brahim & AMOURA, 2019)

From Table No (01), in the part of **the General framework of professional practice**, we can notice that the two laws in both countries talked about the General Conditions, Qualifications, Tasks (mission), and Auditors. However, in addition to that, the Algerian law talks about Remuneration, Appointing authority, the involved companies, the auditor's mandate, and the obligation to appoint more than one auditor.

Table (02): Summary of the Professional organizations

The Professional organizations		
The organized	Three bodies of the Ministry of Finance	Committee auditor's affairs of the Ministry of Commerce.
The Committees	Permanent committees of the National Accounting Board	Not mentioned
The boards	Four boards	Not mentioned

SOURCE: (Qatar law No 8/2020, 2020) and (law 10-01, 2010), (Brahim & AMOURA, 2019)

From table No (02), in the part of **the Professional organizations** we can notice that the two laws in both countries talked about the organized body. But besides that, we find that the Algerian regulation mentioned The Committees of The regional boards.

Table (3): Summary of the professional standards

The professional standards		
The standards guide	Executive bodies	Not mentioned
The Constitution's type	The executive and legal texts and the instructions	Not mentioned

SOURCE: (Qatar law No 8/2020, 2020) **and** (law 10-01, 2010), (Brahim & AMOURA, 2019)

From table No (03), in the part about **the professional standards** we can notice that the Algerian law talks about The standards guide and the constitution's type, while the Qatari law does not; mention anything in this regard.

Table (04): Summary of the professional ethics

The professional ethics		
The Constitution's source	Executive Decree, the Law of Professional Ethics	Code of ethics conduct and traditions of the profession.
The axes of the constitution	Ministry of Finance	Ministry of Commerce
The axes of the constitution	duties and rights	duties and rights
responsibilities	Civil, penal, and disciplinary responsibility.	Civil, penal, and disciplinary responsibility

SOURCE: (Qatar law No 8/2020, 2020) **and** (law 10-01, 2010), (Brahim & AMOURA, 2019)

From table No (04), in the part of **Professional ethics**, we can notice that the two laws in both countries talked about the: Constitution's source, The axes of the constitution, and responsibilities.

Results:

Here are some general points of comparison:

1. **Legal Framework:** Both countries may have their laws and regulations governing auditing practices. Algeria and Qatar may follow different accounting standards, such as International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP), which can influence auditing requirements and procedures.
2. **Regulatory Oversight:** The oversight bodies responsible for regulating auditors and auditing standards may differ between Algeria and Qatar. These bodies may set standards, conduct inspections, and enforce compliance with auditing regulations.
3. **Professional Organizations:** Professional accounting bodies in both countries, such as the Algerian Institute of Chartered Accountants (National Accounting Council) and the Qatar Association of Certified Public Accountants (QCPA), may play a role in promoting best practices, providing training, and maintaining professional standards for auditors.
4. **Corporate Governance Practices:** The level of adherence to corporate governance principles, such as transparency, accountability, and independence of auditors, may vary between Algeria and Qatar. Cultural norms and business practices can influence corporate governance frameworks.
5. **Industry Focus:** The types of industries prevalent in each country may impact auditing practices. For example, Qatar's economy is heavily focused on oil and gas, while Algeria has a diverse economy with significant contributions from sectors like energy, agriculture, and manufacturing.

6. International Influence: Both countries may be influenced by global trends and developments in auditing practices, particularly if they have multinational companies operating within their borders or seek to attract foreign investment.

- **Conclusion:**

In summary, Cooperation between Algeria and Qatar in the auditing field has several advantages, while auditing practices in Algeria and Qatar may share some common principles, differences in legal frameworks, regulatory oversight, professional organizations, corporate governance practices, industry focus, and international influences can lead to distinct approaches to auditing in each country.

Recommendations for cooperation between Algeria and Qatar in developing the auditing profession:

1. Exchange Programs: Facilitate exchange programs between auditors, regulatory officials, and academics from Algeria and Qatar to share experiences, best practices, and knowledge in auditing standards, methodologies, and technologies.
2. Joint Research Initiatives: Collaborate on research projects and studies to explore common challenges, emerging trends, and innovative solutions in auditing, with a focus on adapting global best practices to the specific contexts of Algeria and Qatar.
3. Training and Capacity Building: Organize joint training workshops, seminars, and conferences aimed at enhancing the skills, competencies, and professional development of auditors in both countries, covering topics such as ethics, technical proficiency, and regulatory compliance.
4. Mutual Recognition of Qualifications: Work towards mutual recognition agreements for accounting and auditing qualifications between Algeria and

Qatar, facilitating mobility and career opportunities for professionals in the auditing field.

5. Standardization and Harmonization: Harmonize auditing standards, methodologies, and reporting requirements to promote consistency and comparability in financial reporting practices across Algeria and Qatar, thereby enhancing transparency and investor confidence.
6. Regulatory Cooperation: Strengthen collaboration between regulatory bodies in Algeria and Qatar to exchange information, coordinate oversight activities, and harmonize **regulatory approaches, ensuring effective enforcement of auditing standards and ethical** guidelines.
7. Industry Partnerships: Foster partnerships between auditing firms, professional associations, and industry stakeholders in Algeria and Qatar to promote knowledge sharing, networking, and professional development opportunities for auditors.
8. Technology Integration: Explore opportunities for collaboration in leveraging technology and digital tools to enhance audit quality, efficiency, and effectiveness, including sharing insights on the adoption of advanced analytics, artificial intelligence, and block chain in auditing practices.

By implementing these recommendations, Algeria and Qatar can foster a collaborative environment conducive to the development and advancement of the auditing profession, ultimately contributing to the integrity and reliability of financial reporting and the sustainability of their economies.

Suggestions to improve the auditing profession in Algeria and Qatar:

1. Enhanced Regulatory Frameworks: Strengthening laws and regulations governing auditing practices to ensure alignment with international standards, promote transparency, and enhance investor confidence.

2. Professional Development: Implementing robust continuing education programs and certification requirements for auditors to keep pace with evolving accounting standards, technologies, and best practices.
3. Independent Oversight: Establishing independent regulatory bodies with adequate resources and authority to oversee auditors, conduct inspections, and enforce compliance with auditing standards and ethical guidelines.
4. Promotion of Professional Ethics: Emphasizing the importance of ethical behavior and independence in auditing through training, awareness campaigns, and enforcement mechanisms.
5. Industry Collaboration: Fostering collaboration between regulatory bodies, professional organizations, academia, and industry stakeholders to address emerging challenges, share knowledge, and promote innovation in auditing practices.
6. Enhanced Corporate Governance: Encouraging companies to adopt robust corporate governance practices, including the establishment of audit committees, to strengthen oversight of financial reporting and auditing processes.
7. Investment in Technology: Leveraging technology, such as data analytics, artificial intelligence, and block chain, to enhance audit quality, improve efficiency, and detect financial irregularities more effectively.
8. International Collaboration: Strengthening partnerships with international auditing bodies, professional organizations, and regulatory agencies to exchange expertise, benchmark against global best practices, and facilitate cross-border cooperation in auditing matters.

Implementing these suggestions can help elevate the auditing profession in Algeria and Qatar, leading to greater trust in financial reporting, improved corporate governance, and a more robust investment environment.

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