

**Practicing Auditing Profession Law  
No. (9) for the Year 2004**

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**Palestine liberation organization  
Palestinian National Authority**

**Office of the president**

**Act of Practicing Auditing Profession  
No. (9) of the Year 2004**

**Chairman of the Executive Committee of the Palestine Liberation  
Organization  
President of the Palestinian National Authority**

**After verifying the modified statute,  
And Act No. (10) of the year 1961 related to practicing the auditing profession  
in effect in the West Bank districts,  
And Act No. (5) of the year 1997 related to validating of Act No. (10) of the  
year 1961 in all the Palestinian territories,  
And the Proposal submitted by the Cabinet,  
And in accordance with the Legislative Council approval in its session held on  
6/10/2002,  
We have decreed the following Act.**

**Chapter One  
Definition and General Guidelines  
Article (1)**

The following terms shall have their specified meanings unless mentioned otherwise:

**Profession:** the auditing profession.

**The Board:** The Board of auditing Profession set up in accordance with the regulations of this act.

**Chairman:** the Chairman of the Board of Auditing Profession.

**Auditor:** the auditor certified to practice the profession in accordance with this act

**The Association:** The Palestinian Society of Certified Public Accountants set up in Practicing Auditor: the auditor who has a license to practice the auditing profession at full time whether working solely or for others

**License:** the license to practice the auditing profession.

### **Article (2)**

No one shall practice the auditing profession in Palestine unless he has obtained a license by the Board in accordance with the regulations of this law and the executive authority.

## **Chapter Two Board of Auditing Profession**

### **Article (3)**

1. In accordance with the regulations of this Act, a board for the auditing profession shall be set up under the title (The Board of Auditing Profession) that shall enjoy legal personality and eligibility
2. The Board of auditing Profession shall be set up as follows:
  - Deputy of the Ministry of Finance –Chair man
  - Vice president of the Chairman of the Public Control Corporation – vice president
  - Company Controller at the National Economy Ministry – Member
  - Two representatives of the Palestinian society of Certified Public Accountants
  - An Accountant nominated by the Minister of Education and Higher Education.

### **Article (4)**

The secretarial works of the Board shall be carried out by a competent employee appointed by the Chairman of the Board and approved by the Board provided that he will be dedicated in full time to the works of the Board and assisted by a suitable number of employees as necessary. The said secretary shall be responsible of managing the work of the Board including preparing its agenda, minutes of meeting, verdicts, correspondence, record-keeping, files, and records.

### **Article (5)**

The Board shall carry out the following functions and duties:

1. Awarding licenses of practicing the auditing profession in accordance with the regulations of this Act.

2. Determining the fees of the examination and licensing in accordance with the law issued by the cabinet Fees shall be determined in accordance with the law and not by Article (85) of the modified statute.
3. Proposing executive charters to implement the Act.
4. Applying disciplinary penalties upon violating auditors
5. Carrying out the examinations required to award license in accordance with the executive charter.
6. Any other functions and duties specified by this Act.

### **Article (6)**

The Board shall hold its meetings periodically every three months.

The Board can also hold an extra ordinary meeting whenever it is necessary upon a request of the Chairman or upon a written request submitted by three members of the board.

The vice –president replaces the chairman in his absence.

### **Article (7)**

The minutes of meetings the Board shall not be legal unless attended by five members including the Chairman or his vice-president. Its verdicts are issued by the majority of four members. Should the votes be equal, the party that includes the Chairman shall be taken.

### **Article (8)**

#### **Records of the Board**

1. The Board shall keep the following records:
  - a) Record of practicing licensed certified auditors
  - b) Record of non-practicing licensed certified auditors
  - c) Any other records decided by the Board.
2. All the information and data of the related auditors and any other modifications shall be written in the records mentioned in the previous clause.
3. The records administered by the regulations of this Article shall be considered as an official legal proof to prove their contents.

## **Chapter Three License Stipulations**

### **Article (9)**

**To award the license, it is stipulated**

**That:**

1. The license applicant shall be Palestinian.
2. The license applicant shall be eligible.
3. The license applicant has not been sentenced of a crime related to honor or honesty unless he obtained his consideration.
4. With respect to the regulations of Clause (5) of this Article, the license applicant should have one of the following qualifications:
  - a) The first university degree is Bachelor or its equivalent in accounting specialization with at least five years of practical experience in accounting and auditing work including two years at least working as senior auditor after obtaining that degree.
  - b) The first university degree is Bachelor or its equivalent from one of the faculties of commerce or economics with at least five years of practical experience in accounting and auditing work including three years at least working as a senior auditor after obtaining the academic qualification.
  - c) The second university degree is Master or its equivalent in accounting specialization with at least three years of practical experience in accounting and auditing work including one year at least working as senior auditor after obtaining that degree.
  - d) The doctoral degree in accounting specialization with at least one year of practical experience in auditing work after obtaining that degree or has taught auditing at one of the Palestinian colleges or universities for at least two years after obtaining the doctoral degree.
  - e) A member of any certified auditor associations or establishments and having a certificate to practice the auditing profession approved by the Board provided that he has worked in auditing field for at least one year in Palestine.

- f) Any one who has worked as an auditor at the Public Control Corporation or any official department or any public department of the state for ten year and having the first university degree (Bachelor degree or its equivalent) notwithstanding the regulations of item (d) clause (4) of this article.
5. Any person having the certificates mentioned in items (a,b, or f) of clause (4) of this Article should pass an examination administered by the Board in accounting and auditing and the legislation related to accounting, auditing and taxation affairs in effect in Palestine.

### **Article (10)**

The Ministry of Education and Higher Education is considered the party concerned with evaluating and equalizing the academic qualifications stated in this Act. The other professional certificates and documents are evaluated by the Board.

### **Article (11)**

In coordination with the related ministry, a license to practice the profession can be awarded to any person of nationality other than Palestinian if licensed to do so in the country he holds its nationality provided that availability of licensing stipulations of clauses (2, 3, and 4) of Article (9) provided similar treatment.

## **Chapter Four**

### **Licensing Procedures**

#### **Article (12)**

The application of license to practice the profession of auditing enclosed with the required documents is submitted to the Board in accordance with an executive charter issued by the Ministers council.

#### **Article (13)**

1. The Board should verify the accuracy of the documents enclosed with the license application.
2. The Board shall appoint the date of the examination and inform the applicant of such date.
3. The Board shall announce the results of the examination and the date of issuing the licenses to those who pass the examination.

4. The required fees shall be paid to complete the procedures of examination and licensing.

#### **Article (14)**

Before practicing the profession, the auditor shall declare the following oath in front of the Chairman of the Board or anyone authorized by the Chairman, which will be recorded in the minutes of the Board:

“I swear by Almighty God that I Shall carry out the duties of my profession in auditing in honor and honesty without prejudice, and to abide of the current regulations and laws, and to keep the confidentiality of the profession and to follow its rules and ethics.”

#### **Article (15)**

The license is considered null and void if the auditor does not practice the profession for three successive years unless applying for suspending practice in accordance with Article (19) of this Act.

#### **Article (16)**

1. Common companies can be set up among licensed auditors provided that the company is registered at the Companies Registrar in accordance with applicable laws, and also provided that the auditor is not a partner in more than one company. Also, the auditor does not practice his work outside the established company whether independently or for others.
2. The Board must be notified when an auditor joins the company or withdraws from it.

### **Chapter five Association of public Accountants**

#### **Article (17)**

1. In accordance with the regulations of this Act, a professional association for auditors is set up in Palestine called “The Palestinian

Certified public Accountants Association that aims to looking after the interests of its members, enhancing the spirit of cooperation among them, and improving their academic and professional level.

2. Membership of the Association is compulsory under the responsibility and preventing of practicing the profession in accordance with the statute of the Association.

### **Article (18)**

1. Every person licensed to practice the profession is to inform the Association of the address of the office where he practices his work for himself or for others within six months of obtaining the license. Otherwise, he will be transferred to the record of non –practicing auditor. However, he has the right to apply for a new license to practice the profession.
2. Every person licensed to practice the profession and registered in the record of practicing auditors is to fill an application to the Associations to renew practicing permit every year in accordance with the stipulations of the Association Statute.
3. The Association or who is authorized by the Association is to inspect the office where the auditor practices the profession to verify that he abides by the regulations of this article including engaging in full time practice of the profession. In the case of changing the address of the office, the Association must be notified of the new address within thirty days of the date of the change. Otherwise, the Association can apply one of the disciplinary penalties stated by this Act.

### **Article (19)**

The auditor who wishes to suspend his practice of the profession can submit an application to the Association to transfer his name to the record of non – practitioners. The Association can permit him to practice the profession if he applies to return his name to the record of practitioners provided that he still has the licensing stipulations and after paying the required fees.

### **Article (20)**

The auditor who wishes to work outside Palestine in the auditing profession or work related to auditing must ask the Association to transfer his name to the record of non-practitioners. He is allowed to resume his practice upon his return to Palestine if he requests to register his name in the record of profession practitioners

provided that he still has the licensing stipulations and after paying the required fees.

## **Chapter Six Rights and Duties Article (21)**

The auditor has the rights to serve professional experience and consultations, carrying out arbitration and liquidations in the fields of accounting, finance and taxation affairs, in addition inspection and checking the accounts of individuals, companies, establishments, and corporations.

### **Article (22)**

When practicing the profession, the auditor shall:

1. Look at all the records, and financial statements of the natural and legal entities with whom he deals, audit their accounts, and request them to provide him with whatever he deems necessary to carry out his job as efficiently as possible.
2. Verify that the records he checks are kept according to the standards, and notify in writing any violation that he discovers, and request corrections
3. Prepare complete reports about the accounts he checks, and abide by the Generally Accepted Auditing Studied used in Palestine in addition to the ethics and behaviors of the profession in his certification of the accuracy of the final accounts he has reviewed.

### **Article (23)**

The auditor is prohibited from carrying out the following:

1. Working for the government, any other public establishments, municipalities or any other private party of non –practicing the profession.
2. Working in trade, industry or any other profession.
3. Working as auditor for any company he partner in it.
4. Making publicity for him in any media in a manner that may harm the dignity of the profession.
5. Competing or speculating with other auditor to gain work in a manner that may harm the profession.
6. Uncovering the information or secrets that he has obtain during his work as auditor unless in cases that requested by the law or the parties allowed to obtain such information and secrets.

7. Giving an opinion that contradicts the realities contained in the accounting books, records, and signing reports that he has not audited by himself or employees.
8. Certifying the accuracy of final statements, accounts, financials statement that do not reflect the accurate financial position of the party he has audited its accounts.
9. Recording false data in any reports, accounts, or documents that he prepares while practicing the profession.
10. Preparing incorrect reports or certifying contradictory facts in any document that should be issued in accordance with the principles of practicing the profession.
11. Certifying to distribute imaginary or unreal profits.

#### **Article (24)**

No company, establishment, or individual required by law to have an auditor can change that auditor during the financial year he checks its accounts except in cases of death or a verdict issued by the Board, taking into consideration the regulations of Article (25) of this Act.

### **Chapter Seven Discipline and Penalties Article (25)**

1. Should an auditor commit any violation of this Act, or behave in a way that harms his responsibilities, or the rules, standards, bases, or ethics of the profession, or conduct behaviors that harm its dignity and the dignity of its practitioners, he will be transferred to a disciplinary committee formed by the Association.
2. The convicted auditor shall be punished by one of the following disciplinary penalties:
  - a) Written notice,
  - b) Written warning,
  - c) Suspension of practicing the profession for a period does not exceed three years.
3. The verdict of the Disciplinary Committee is subject to the approval of two thirds of the Board if it requires convicting the auditor with the penalty stated in item (c) clause (2) of this Article, or when abolishing the license

#### **Article (26)**

Should the Disciplinary Committee or the Investigation Committee investigating the complaint against the auditor that he has committed or suspected of committing a criminal act against the auditor, such committee must submit all the papers of the complaint to the chairman of the Association so as to transfer them to the attorney general to take legal procedures against him.

### **Article (27)**

Should the auditor be found innocent by the court of law, or not responsible of the charge against him, this does not prevent taking disciplinary procedures against him for the same charge if the Board finds justification for doing so.

### **Article (28)**

Any person who practices the profession without having the license required by the regulations of this Act, or practices the profession during the period of suspending the license, or after canceling his name from the record of practicing auditors shall be punished by imprisonment for a maximum period of one year, or a maximum financial fine of 500 Jordanian dinars or its equivalent of legally used currency. In the case of repeating the offence, he will be punished with the two penalties.

### **Article (29)**

Notwithstanding any other severer penalty, Imprisonment of a maximum period of three years, or a maximum fine of 1000 Jordanian dinars or its equivalent of legally used currency, or both of these two penalties shall be imposed upon any person who commits any act stated in the clauses (6,7,8,9,10,11) Article (23) of this Act.

## **Chapter Eight**

### **Final and Interim Regulations**

### **Article (30)**

The auditor Licensed to practice the profession before putting the regulations of this Act in effect is considered as having the license as if he were licensed in accordance with the regulations of this Act.

### **Article (31)**

The regulations of this Act are not applicable to the auditor employed by the establishments of the National Authority or under their supervision, or the local authorities and public establishments.

### **Article (32)**

The decisions of awarding the license to practice the profession are published in the official Journal.

### **Article (33)**

Act No. (10) of the year 1961 concerning with practicing the auditing profession and every regulation that contradicts with the regulations of this Act are abolished.

### **Article (34)**

The Council of Ministers shall issue the necessary laws to implement the regulations of this Act, and the Board shall issue the decisions and instructions required executing them

### **Article (35)**

All concerned parties each in its field shall implement the regulations of this Act and it will be in effect after 30 days of its publication in the official journal.

**Issued in Ramallah on 08/09/2004**

**Yaser Arafat,**

**Chairman of the Palestine Liberation Organization  
President of the Palestinian National Authority**