

Now, for tomorrow





The Governance Imperative

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As the UAE capital markets continue to expand and attract global capital, the demand for strong governance and transparent reporting has become a defining priority.

The Securities and Commodities Authority's (SCA) 2025 mandate on Internal Controls over Financial Reporting (ICFR) is not simply a compliance obligation - it is a catalyst for investor confidence, resilience and long-term value creation.

Understanding ICFR in a Global and UAE Context

ICFR refers to the policies, processes and control activities that underpin the accuracy, reliability and integrity of published financial statements.

First popularised through the Sarbanes-Oxley Act in the United States, ICFR has since become the international benchmark of corporate accountability.



Strengthens board decision-making



Instils operational discipline



Protects stakeholders' investments



Signals to international investors that the market is serious about governance and transparency

The SCA Mandate - A Two Phase **Pathway**

In January 2025, the SCA amended Article 14 of the Corporate Governance Guide, mandating ICFR for all Public Joint Stock Companies

The directive follows a two-stage pathway:

FY 2024 Self assessment Companies must conduct internal evaluations of their control and risk frameworks. External auditors will review but will not issue formal opinions. FY 2025 onwards Independent assurance External auditors will be required to express and disclose their opinion on the effectiveness of ICFR. The COSO framework is recommended as the guiding standard. This phased approach reflects international practice while placing UAE boards under clear accountability to act now.

Practical Challenges in First-Year Implementation



Ownership and accountability

Unclear governance structures often dilute responsibility.

Timing and resource pressures

Remediation left until year-end creates disruption.

Control confusion

Difficulty distinguishing ICFR from operational or compliance controls.

Auditor alignment

Ineffective collaboration with external auditors can lead to late surprises.

Change management fatigue

Staff may view ICFR as a burden rather than an enabler.

Recognising these pain points is critical. They are not merely compliance obstacles but opportunities to strengthen governance and streamline processes

The Baker Tilly ICFR Compass A Four-Phase Approach

Our ICFR Compass is designed to help boards and management teams move from regulatory obligation to business value. It follows four interconnected phases:

Plan with Insight

We begin by understanding your business model, financial reporting processes, and the areas most exposed to risk. This ensures the program is tailored, relevant, and focused on what matters most.

Document with Clarity

We map processes and controls in a way that is transparent and easy for management and boards to oversee. This step builds ownership across the organisation and avoids unnecessary complexity.

· Test with Rigour

We assess whether controls are operating as intended, focusing on effectiveness rather than volume. The aim is to provide confidence, not paperwork.

Report with Purpose

Our findings are translated into prioritised, practical actions — a roadmap that enables management to remediate gaps efficiently and strengthen the overall governance framework.

Key Principles Guiding Our Work

In delivering ICFR support, we adhere to four principles that shape the quality and value of our work:

- Regulatory alignment extensive experience with regulatory requirements ensures our approach is always relevant and compliant with UAE expectations.
- Practicality our focus is on actionable, prioritised remediation, not lengthy gap lists.
- Quality-first all work is grounded in our ISQM1 compliant system of quality management and the IESBA Code of Ethics.
- Global reach, local insight as part of Baker Tilly International, we combine access to global best practice with on-the-ground knowledge of the UAE market and sector dynamics.

Beyond compliance- Embedding Value Creation



ICFR should not be viewed as a one-off compliance project, but as an ongoing journey of strengthening resilience.

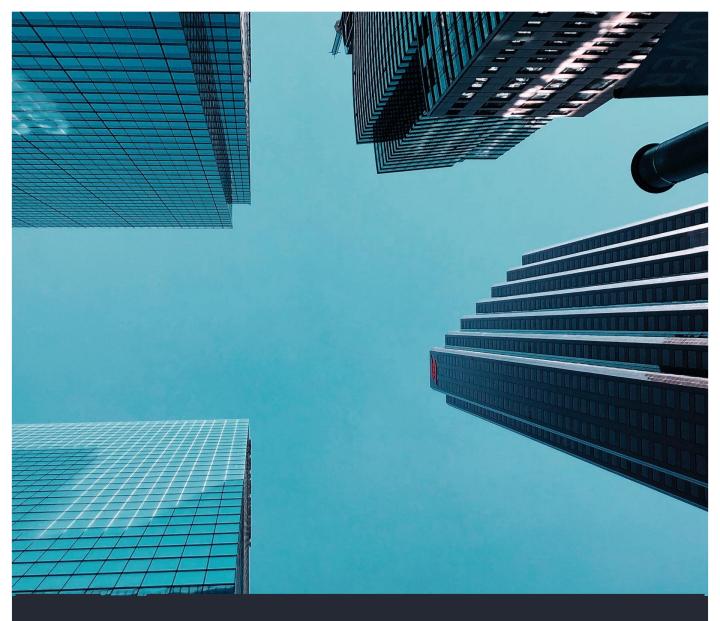


When embedded into the culture of the organisation - with tone set at the top, ICFR improves decision-making, safeguards assets, and enhances long-term enterprise value.



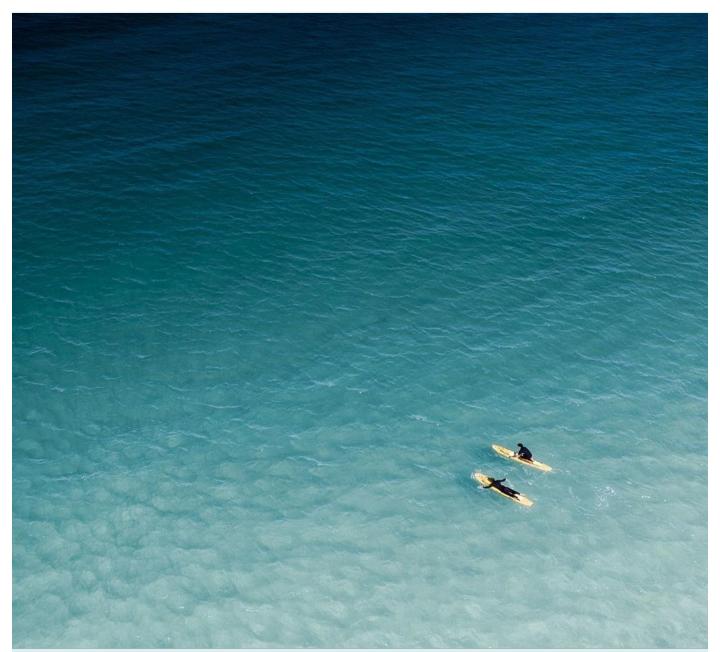
For boards and audit committees, ICFR represents both a compliance obligation and a strategic opportunity: to build resilience, strengthen stakeholder trust, and position their company as a credible player in international markets.

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Conclusion and Next Steps

- At Baker Tilly UAE, we see the SCA's ICFR mandate not as an obstacle but as an opportunity. Whether your organisation is preparing for its first self-assessment or seeking assurance readiness in 2025, our team is ready to guide you with practical, fit-for-purpose solutions that balance compliance with value creation.
- We invite boards, audit committees, and executive teams to connect with us to explore how Baker Tilly can support you in building a resilient ICFR framework.



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