Internal control over financial reporting

Where UAE boards actually stand, and the date most have not priced in

FY2026

The ICFR opinion must be an explicit part of the external auditor’s engagement contract from the FY2026 audit cycle.

That is the audit being scoped now.

Emirates

What changed, and when

The Securities and Commodities Authority was replaced by the Capital Market Authority on 1 January 2026, under Federal Decree-Law No. 32 and No. 33 of 2025. The ICFR circular, effective 16 January 2024, continues under the new regulator. It mandates COSO for design and evaluation, and ISAE 3000 for the auditor's assurance.

FY2026	To 31 Dec 2026	From 1 Jan 2027	From 2028
Opinion in the engagement contract	Trial phase Internal evaluation Auditor's opinion not disclosed	Mandatory and public Internal control report published in the integrated report	Risk management enters the assessment scope

Emirates

Who it applies to

IN SCOPE

Entities listed on ADX or DFM

EXPRESSLY EXEMPT

Foreign listed companies · Private joint stock companies · Free zone issuers

GRACE PERIODS

One year for recently acquired entities, for newly listed or newly incorporated companies, and for foreign subsidiaries during the trial phase where the exclusion is disclosed.

ABU DHABI

Entities under the Abu Dhabi Accountability Authority (ADAA) already operate under Abu Dhabi Law No. 1 of 2017 and Chairman’s Resolution No. 88 of 2021. The external auditor issues a separate opinion on ICFR, with material weaknesses and significant deficiencies reported as key audit matters. This is not new ground in the UAE. It is newly public.

Emirates

The point most often missed

The auditor’s opinion is on management’s assessment.

It does not replace it.

Where controls have been tested only by the external auditor, that is not a lower level of the same activity. It is a different party performing an obligation the regime places on management.

An organisation that has not carried out its own assessment does not have a reporting problem to solve in 2027. It has an absence, and an absence takes longer to close than a report does.

The five components

A compliance question has a binary answer. Internal control does not behave that way. The same organisation is routinely strong in some components and materially weaker in others, and the weaknesses propagate.

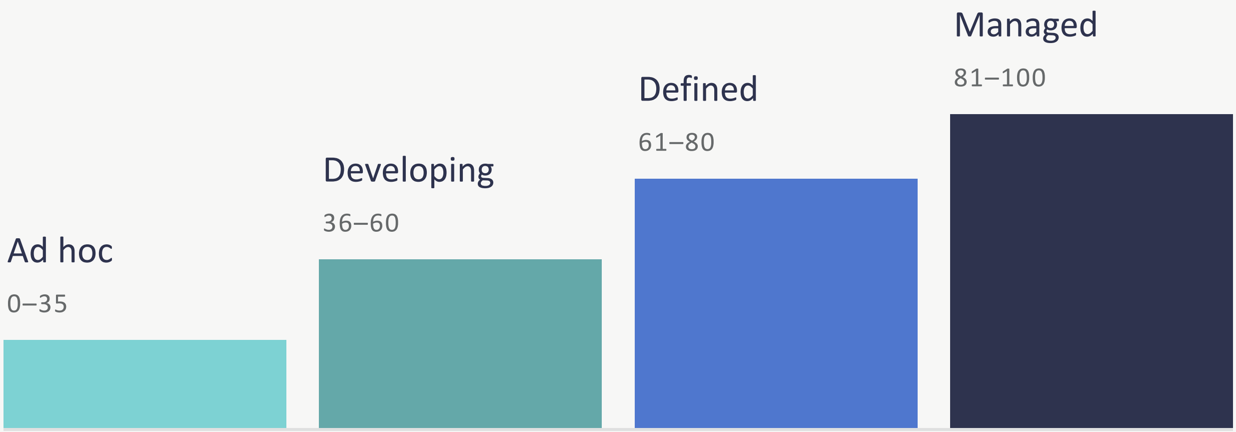
Both UAE regimes anchor to the COSO 2013 Internal Control Integrated Framework. Five components, weighted, and the weights are not equal.

Control environment	25%	Does anyone actually own controls
Risk assessment	20%	Do you know what is material
Control activities	25%	Do the controls exist and are they documented
Information and communication	10%	Can you evidence that a control operated
Monitoring activities	20%	Does anyone check whether controls work

Control environment and control activities carry the most weight because a weakness in either propagates. Information and communication carries the least, because it is the hardest component to probe reliably in a short assessment.

Emirates

The four levels



Controls exist in practice but not by design. Reliance is on individuals.

Documented in parts, with gaps in ownership and evidence.

Designed and documented. Testing and monitoring are inconsistent.

Owned, evidenced, tested and reported to the audit committee.

Seventeen questions, four options each, about three minutes. Sixteen are scored and distributed across the five components in proportion to their weight, so a component carrying a quarter of the score does not rest on two questions. Four levels rather than five, deliberately: five-point scales invite deliberation about the middle, and that boundary is rarely defensible to a third party. No score in this assessment is produced by an artificial intelligence model.

What this does not do

It does not test controls. It does not review evidence. It does not produce an assessment that satisfies either regime.

The assessment those regimes require is a substantial exercise: scoping by materiality, documenting significant processes, and testing design and operating effectiveness. This is the conversation before that work, not a substitute for it.

Whatever your result, the most time-critical item is not in the score. It is whether your FY2026 audit engagement contract includes the ICFR opinion.

Emirates

ICFR Maturity Index

Free · about three minutes

A composite score and band, with all five components shown separately.

The two questions you scored lowest on, each with a specific first action.

A regulatory position tailored to whether the CMA regime, ADAA oversight, or neither applies.

Indicative self-assessment based on unverified responses. Not an audit or assurance engagement. This document is general information current at the date of publication and is not advice. Full notice in the accompanying whitepaper.

Scan Here

digital.CLAemirates.com/icfr

contact@claemirates.com

+971 4250 0290

+971 50 528 2838

www.CLAemirates.com

CLA Emirates