

DECISION OF THE PARLIAMENT OF THE REPUBLIC OF AZERBAIJAN
**On Approval of Regulations “On Chamber of Auditors of the Republic of
Azerbaijan”**

In accordance with the Law of the Republic of Azerbaijan “On Auditing Service”, the Parliament of the Republic of Azerbaijan **made decision that:**

1. The regulations “On Chamber of Auditors of the Republic of Azerbaijan” should be approved (annexed) and take effect from the date it is published.

2. Auditors and auditing organizations acting in the Republic of Azerbaijan should by November 1, 1995 be registered at the Chamber of Auditors pursuant to the Law of the Republic of Azerbaijan “On Auditing Service”. Auditors and auditing organizations not registered at the Chamber of Auditors by that time cannot provide auditing services.

3. (Deleted) ¹

4. It should be noted that except for the cases directly specified in the law, governmental and non-governmental agencies, authorities, organizations cannot provide auditing services.

5. The Cabinet of Ministers of the Republic of Azerbaijan:

Should make allocations and settle other financial and economic issues, taking into account that the Chamber of Auditors does not have logistics;

Should conform government decrees to the Law of the Republic of Azerbaijan “On Auditing Service” and the present decision.

6. In view of the fact that the Chamber of Auditors has newly been established, no tax should be deducted for two years from the Chamber’s profit with the object of improving auditing services in the Republic.

7. The head of the Executive Power of Baku city should be assigned to appoint a building for the Chamber of Auditors.

**Chairman of the Supreme Council of the Republic of Azerbaijan
R. GULIYEV**

Baku, September 19, 1995

No 1115.

Approved upon the decision dated
September 19, 1995 made by the Parliament
of the Republic of Azerbaijan

REGULATIONS

On Chamber of Auditors of the Republic of Azerbaijan

I. GENERAL PROVISIONS

1. The Chamber of Auditors of the Republic of Azerbaijan (hereinafter referred to as “the Chamber”) is an independent financial institution organizing state regulation and improvement of auditing services, defending property rights of owners, interests of the state, economic entities and auditors, controlling whether independent auditors and auditing organizations follow in their activity the requirements arising out of the legislative acts of the republic.

2. In its activity the Chamber refers to the Law of the Republic of Azerbaijan “On Auditing Service”, the present Regulations and other normative acts.

3. The Chamber is a legal entity, possessing settlement, currency and private accounts in a bank, round seal with the state emblem of the Republic of Azerbaijan and its name on it, also square and other stamps.

4. The fee for auditing service is paid under the contracts signed between the registered independent auditors and auditing organizations and the institutions and organizations, and by law enforcement and other agencies when auditors are involved to conduct inspections and audits in institutions and organizations.

5. The Chamber is located in Baku.

II. THE CHAMBER’S DUTIES AND FUNCTIONS

6. The principal duty of the Chamber is to organize activities on auditing service in the republic in order to ensure accurate and fair fiscal accounting and accounting records in all economic entities regardless of form of ownership, and take actions for its development and improvement of its activity according to the effective legislation.

7. The Chamber’s functions are:

To organize and regulate auditing services in the Republic of Azerbaijan;

To issue license to independent auditors and auditing organizations in the Republic of Azerbaijan, keep control over their activities and whether charters of auditing organizations conform to the Law of the Republic of Azerbaijan “On Auditing Service”;

To conduct record of independent auditors and auditing organizations;²

To prepare and approve the rules for conducting exams to issue licenses with the right to be engaged in auditing service in the Republic of Azerbaijan;

To prepare and approve the composition and regulations of the examination commission to issue licenses with the right to be engaged in auditing activity, and to specify exam fee;

To work out and approve the forms of an audit report, forms of report on activities

of independent auditors and auditing organizations, with consideration of relevant requirements of the Civil Code of the Republic of Azerbaijan;³

To give advice to independent auditors and auditing organizations in regard to issues on generalizing auditing experience and application of effective legislative acts, to work out offers for development and improvement of auditing services and to keep control over their fulfilment;

To work out instructions, recommendations and methodical instructions in regard to conducting audit;

To develop regulatory documents on forms and methods of providing auditing services, to prepare proper recommendations on the basis of studying national and international experience;

To ensure consideration of customers' claims, in accordance with the legislative acts of the republic, against independent auditors and auditing organizations in connection with non-fulfilment of professional functions properly;

To carry out relevant actions to defend rights and legal interests of independent auditors and auditing organizations.

To control whether financial and economic activity of auditing organizations, independent/external auditors and branches and/or offices of independent/external auditors conform to the Law of the Republic of Azerbaijan "On Auditing Service", and keep control over it;

To conduct re-audit;

To provide audit reports for accuracy of assessing properties of economic entities in connection with privatizing state institutions or for other purposes.⁴

To carry out, within its powers in relation to persons providing auditing services, the functions of a controlling body regarding prevention of criminally obtained funds or other property and financing of terrorism in cases and as specified in the law. ⁵

III. THE CHAMBER'S AUTHORITIES

8. The Chamber has the following authorities:

To check the quality of an audit conducted by independent auditors and auditing organizations and to withdraw the license giving the right to be engaged in auditing activity if it violates any law while carrying out an audit;

To require report in the specified form from independent auditors and auditing organizations;

To give, within their powers, to independent auditors and auditing organizations directions and methodical instructions necessary to fulfil;

To consider disputes of different nature between independent auditors and auditing organizations and their customers;

To consider and settle complaints on auditors' activity;

To build business relations with international organizations engaged in auditing activity for the purpose of experience exchange and training specialists, and represent the interests of the Republic of Azerbaijan for audit issues in foreign countries;

To train and improve staff of auditors;

To solve other issues on auditing service which relate to the chamber's powers.

To provide services for natural and legal persons in auditing activity and financial-economic relations;

To take measures for signing contracts on compulsory insurance of civil liability by natural and legal persons providing auditing service;⁶

To provide auditing services under the contracts signed with economic entities;

To establish auditing organizations.⁷

IV. MANAGEMENT OF THE CHAMBER

9. The chairman and deputy chairman of the chamber are appointed by the Supreme Council of the Republic of Azerbaijan. They have the powers of the heads of central executive bodies specified under the legislation of the Republic of Azerbaijan.

10. The chamber is managed by its chairman. He/she is personally liable for fulfilment of empowered duties and functions.

11. Structure, staff, salaries of employees and expenditure estimates are approved by the chairman. The chairman of the chamber employs and dismisses its employees pursuant to the labour code in effect, awards them and applies disciplinary penalties.

12. Management body – Board is established within the Chamber to conduct current activities and carry out practical official functions. The Board includes the chairman of the chamber, deputy chairman, heads of two major departments, one representative appointed by auditing organizations, one by independent auditors and one by the Ministry of Finance of the Republic of Azerbaijan.

13. Members of the chamber are declared by the chairman.

14. Meetings of the chamber are held not less than once a quarter.

V. EXAMS FOR GETTING THE TITLE OF AN AUDITOR

15. Exams to get the title of an auditor are taken by examination commission (hereinafter referred to as commission) appointed by the Chamber.

16. The commission includes three representatives from the Chamber of Auditors, and one from each of the Ministry of Finance of the Republic of Azerbaijan, Main State Tax Inspectorate, Central Bank, Scientists in Economics, independent auditors and auditing organizations. The structure of the commission is declared by the Chamber at the beginning of every year.

17. A member of the commission should be experienced in the field of auditing

service and should have at least ten years of practical work experience in one of the specialties such as accounting, finance, economics and law.

18. The commission members' salaries are paid in a specified form.

VI. THE CHAMBER'S PROPERTY

19. The chamber's property is established on the basis of the following sources:

Payments from exams;⁸

Amounts from the registration of auditing organizations;

Membership fees of independent auditors and auditing organizations (including foreign natural and legal entities);

Payments made for auditing service provided under the contracts concluded with economic entities;

Other sources not prohibited by the legislations;

Funds from sale of published directions and methodical instructions, books, newspapers and journals in auditing service and other activities which are not prohibited.

20. Main and working capital at the chamber's disposal are considered its property.

21. Net profit remaining at the disposal of the chamber after paying taxes specified by the legislation is directed to establishing relevant foundations.

22. Establishment of foundations and rules of using them are approved by the Board.

VII. THE CHAMBER'S MEMBERS

23. Independent auditors and auditing organizations are deemed members of the chamber.

24. The chamber's members pay membership fee in a specified amount.

25. The amount of the membership is specified by the Board and included in expenses of payers.

VIII. ACCOUNTING AND REPORT

26. The Chamber delivers accounting and statistics reports on results of its activity to territorial taxes and statistics authorities.
