



AUDIT BULLETIN

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UPDATES FROM AUDITING STANDARDS & ETHICS BOARD

1. ICAP organizes Session with Audit Committees of Listed Companies

The Auditing Standards & Ethics Board (ASEB /the Board) of ICAP has organized landmark sessions with Audit Committees of Listed Companies on the theme “*Bridging the Gap: Aligning Auditors, Regulators, and Audit Committees*” on May 21, 2025 and June 26, 2025 in Karachi and Lahore respectively.

The sessions brought together Audit Committee Chairs and engagement partners of listed companies and representation from local and international regulatory bodies including the Securities and Exchange Commission of Pakistan (SECP), the Audit Oversight Board (AOB), the State Bank of Pakistan (SBP), the International Ethics Standards Board for Accountants (IESBA).

The shared purpose of the session was to foster dialogue, strengthen collaboration and connection among auditors, regulators, and audit committees in order to strengthen audit quality, improve regulatory compliance, and enhance overall corporate governance practices.

The sessions featured insightful speeches and panel discussions on the pressing needs to bridge the existing gaps among stakeholder i.e. Audit Committees, regulators and Auditors on the evolving regulatory expectations and growing responsibilities of audit committees to improve corporate governance, strengthen financial transparency, and protect stakeholders' interests.

The session also featured two engaging panel discussions with the Audit Committee Chairs of listed companies that underscored the critical importance of ethical governance, guided by principles such as integrity, transparency, accountability, objectivity, and professional competence and practical challenges and opportunities for improvement. The other panel with the veteran Audit Partners explored the role of auditors in maintaining independence while fulfilling increasing regulatory demands and the value of early and transparent communication of auditors with their audit committees.

With enthusiastic participation and meaningful dialogue, the event marked a significant step toward fostering alignment and collaboration among stakeholders.

The event details, recording and pictures along with post-event publication can be accessed using the [link](#).

2. Circulars issued by the Board during the quarter

- **Circular No. 02/2025 ‘*Invitation to Comments on the Adoption of Sustainability Assurance and Ethics Standards*’** - stakeholder’s comments were invited on the adoption of the International Standard on Sustainability Assurance (ISSA 5000) and the International Ethics Standards for Sustainability Assurance (IESSA) issued by IAASB and IESBA respectively.
- **Circular No. 03/2025 ‘*Digital Access of ISAs and IESBA Code through eIS (e-International Standards) Platform*’** - The circular aims to introduce eIS platform of IFAC that offers an interactive, searchable, and updated version of ISAs and IESBA Code of ethics, making it easier for professionals to navigate and apply them in practice.
- **Circular No. 04/2025: *Important Communication Regarding the Implementation of ISQM 1*** - The circular highlighted the importance of establishing and maintaining a robust system of quality management and reiterated the adoption dates of ISQM 1 in Pakistan and availability of *ICAP Guide & Toolkit* to support implementation efforts.
- **Circular No. 05/2025: *Use of Technology / E-Platform for Bank Confirmations for Audit Purposes*** – comments are requested from the practicing members about the use of electronic bank confirmation platforms, as are established by the global service providers, the tentative suggested date by ICAP and their indicative prices etc.
- **Circular No. 06/2025: *list of ISQM 1 service providers*** - The circular included a compiled list of various ISQM 1 local and international service providers who offer tailored solutions including customized ISQM 1 Manual, ISQM Risk Assessment Questionnaire and Toolkit, Training Modules etc., their retail price as well as negotiated discounts available to ICAP members, and contact details to assist members in selecting suitable implementation support of ISQM 1.
- **Circular No. 07/2025: *Extension in the applicability date of ISQM standards for firms conducting audits exclusively of small and medium-sized entities*** – The Council has decided to extend the applicability dates of ISQM standards for the firms that are not performing audits of public interest companies and large-sized companies and only engaged in the audits of SMCs as defined under the Third schedule of the Companies Act, 2017, now from July 1, 2026.

- **Circular No. 08/2025: *Invitation to Comments – Standardized Paragraph in the ‘Report on Review of Interim Financial Statements’ regarding Auditors’ Responsibility to Review Only the Cumulative Figures for the Half Year Presented in the Second Quarter Accounts*** – it aims to seek comments on the proposed revised Other Matters paragraph in the Review Report to standardize the reporting practice and to bring consistency in report format about auditor’s non-review of first-quarter figures.
- **Circular No. 09/2025: *Revised ATR 17 and ATR 18*** – the board has issued the revised Auditing Technical Releases, *ATR 17 (Auditors’ Report to the Trustees/Board of Governors/Management Committee)* and *ATR 18 (Bank Reports for Audit Purposes)*, after completing due process of revision and council’s approval.

The revised ATR 17 incorporates updated terminologies as now specified under law, IAS 1 and addition of new accounting standards as notified by SECP. The revised ATR 18 now provides for electronic bank confirmations via email or electronic confirmation platforms and a sample client authorization letter. It aims to improve overall presentation and structure of standard bank request letter.

The above circulars can be accessed using the [link](#).

3. ASEB submits comments on IESBA’s Consultation Paper ‘Auditor Independence for Audits of Collective Investment Vehicles and Pension Funds’

The ASEB has submitted its comments on the IESBA Consultation Paper (CP) ‘*Auditor Independence for Audits of Collective Investment Vehicles and Pension Funds*’. The CP aimed to obtain public comments on auditor independence in the audits of Collective Investment Vehicles and Pension Funds. The objective was to assess whether the existing International Independence Standards adequately address concerns arising from the involvement of “Connected Parties” in such investment structures. The comment due date was June 30, 2025. The Consultation Paper can be accessed using the [link](#).

INTERNATIONAL DEVELOPMENT

1. IAASB issues Exposure Draft on proposed narrow scope amendments to IAASB standards arising from the IESBA’s using the work of an external expert project

The IAASB has issued an exposure draft proposing narrow-scope amendments to maintain alignment with the IESBA Code, following recent revisions related to the use of external experts. These proposed changes aim to ensure continued interoperability between IAASB standards and the IESBA’s ethical framework across audit, assurance, and non-assurance engagements. The amendments target the following standards:

- ISA 620 *Using the Work of an Auditor’s Expert*
- ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*
- ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*
- ISRS 4400 (Revised), *Agreed-upon Procedures Engagements*

This initiative is part of a maintenance project prompted by the IESBA’s introduction of specific ethical requirements concerning the use of external experts. Comments on the exposure draft are invited by July 24, 2025.

The exposure draft can be accessed using the [link](#).

2. IAASB approves withdrawal of ISAE 3410

The IAASB has approved the withdrawal of ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, upon the effective date of ISSA 5000. This decision reflects the comprehensive scope of ISSA 5000, which covers all types of sustainability assurance engagements, including those related to greenhouse gas disclosures.

Details can be accessed using the [link](#).

3. IAASB initiative on ‘Audit Evidence and Risk Response’

The IAASB’s Audit Evidence and Risk Response project seeks to revise ISA 500 (*Audit Evidence*), ISA 330 (*The Auditor’s Responses to Assessed Risks*), and ISA 520 (*Analytical Procedures*) in an integrated manner to comprehensively address both the reference framework and the performance aspects of obtaining and evaluating audit evidence. This initiative builds on work started March 2019 and consolidates progress made up to March 2024.

The objectives of the project are to enhance the application of professional judgment and skepticism when auditors evaluate whether sufficient and appropriate audit evidence has been obtained, and when they respond to assessed risks of material misstatement. The revisions also aim to promote consistency in auditor behavior, particularly in relation to internal controls, and to support the effective and appropriate use of technology in audit procedures. Further details can be accessed using the [link](#).

4. IAASB invites stakeholder comments on ISSA 5000 implementation for sustainability assurance

Following the release of International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*, along with accompanying guidance materials, the IAASB has shifted its focus to facilitating global adoption and implementation. Efforts now include ongoing outreach and the development of additional resources to promote consistent and effective application of the standard in both mandatory and voluntary assurance engagements related to general-purpose sustainability information.

To aid this process, the IAASB invites stakeholders to submit questions or implementation matters for consideration. Details and the submission form can be accessed using the [link](#).

5. IAASB issues FAQ for ISA for LCE, ISA 570 and ISSA 5000 and IESSA

The IAASB has released three new FAQs to support the implementation of recently issued standards. The first addresses the ISA for LCE, providing clarifications to common queries raised during outreach and completing the implementation support suite alongside the adoption guide and other tools. It can be accessed using the [link](#).

The second focuses on ISA 570 (Revised 2024), *Going Concern*, offering guidance on the enhanced auditor reporting model. Both aim to promote consistent application and reflect the IAASB’s continued global engagement with stakeholders and regulators. The FAQ can be accessed using the [link](#).

Additionally, the IAASB has issued a dedicated FAQ on implementing ISSA 5000 and IESSA, which provides practical guidance on key areas such as identifying relevant ethical requirements, determining group and value chain components, using the work of another practitioner, and addressing IESSA disclosure requirements in the assurance report. The FAQ can be accessed using the [link](#).

6. Updates on IESBA Tax Planning Standards now effective

The first global ethics standards on tax planning became effective on July 1, 2025. The landmark standard offer a comprehensive ethical framework to guide professional accountants in delivering or engaging in tax planning services, helping them navigate this complex area with sound ethical judgment and decision-making. It can be accessed using [link](#).

With the aim to facilitate stakeholders, the IESBA has published a Questions and Answers publication on tax planning and related services. These standards establish a principles-based framework and serve as a global ethical benchmark for professional accountants in public practice and in business when engaging in or providing tax planning services. The standard and the Q&A publication can be accessed using the [link](#).

7. IFAC releases sustainability tool for small businesses

The International Federation of Accountants (IFAC), in collaboration with the Edinburgh Group (EG), has launched an innovative online tool to support small- and medium-sized enterprises (SMEs) in integrating sustainability into their strategies and operations for long-term value creation. The tool can be accessed using the [link](#).



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Disclaimer

This publication is intended to provide a summary of developments relating to audit during the quarter, legal and regulatory matters and matters under consideration of ASEB.

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