

ICAP HEAD OFFICE

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Reach Us Out:



ASEB Circular No. 4 / 2026

January 26, 2026

ALL PRACTICING MEMBERS

Dear Member,

Request for Comments – Draft Legal Confirmation Format

Legal confirmation is a critical component of the audit process as required under International Standard on Auditing (ISA) 501, *"Audit Evidence—Specific Considerations for Selected Items"*. Legal confirmations assist auditors in obtaining sufficient appropriate audit evidence in respect of litigation, claims, and other legal matters, and in evaluating the completeness, recognition, measurement, and disclosure of such matters in the financial statements.

It has been observed that diversity exists in practice regarding the format, content, and procedures for obtaining and evaluating legal confirmations. In order to promote consistency in practice and enhance audit quality, the Auditing Standards and Ethics Board (ASEB) has developed a standardized draft Legal Confirmation Format, which is enclosed with this circular as **'Appendix – A'**.

In accordance with applicable auditing standards, the auditor shall evaluate the information provided by legal counsel in the context of the financial statements and assess whether appropriate accounting treatment and disclosures have been made by management in accordance with IAS 37, *"Provisions, Contingent Liabilities and Contingent Assets"*. Where the auditor's conclusions regarding recognition, measurement, or disclosure differ from the legal counsel's confirmation, the auditor shall exercise professional judgment, obtain additional audit evidence where necessary, and document the basis for the conclusions reached in the audit working papers.

Members are invited to provide comments and feedback on the proposed draft Legal Confirmation Format. Comments may be submitted to the Board at aseb@icap.org.pk no later than February 11, 2026.

Yours truly,


Muhammad Imran Khan
Director, Technical Services

Encl: As above

Name and address of the Lawyer
Date

Dear Sirs,
(Name of client)

REQUEST FOR INFORMATION FOR AUDIT PURPOSES FOR THE YEAR ENDED DECEMBER 31, 20X1

We will shortly be required to express our opinion as to the fairness with which the financial statements present the financial position of the Company as at December 31, 20X1 and the results of its operations from January 1, 20X1 to December 31, 20X1.

In this connection, we shall be grateful if you would please furnish to us directly, the information requested below involving matters as to which you have been engaged and to which you have devoted substantive attention on behalf of the Company in the form of legal consultation or representation.

Please provide the information requested below, taking into consideration matters that existed as at December 31, 20X1 and for the period from that date to the effective date of your response if different from the date of reply.

Summary of Legal Proceedings Against the Company

S. No.	Name of Complainant / Claimant / Plaintiff	Nature (Litigation / Arbitration / Regulatory Investigation / Claim / Other)	Description of the matter	Progress of the case to date (Discovery / Trial Date Set for [Date] / Appeal Pending / Settlement Discussions / Other)	Likelihood of an unfavorable outcome*	Estimated Financial Impact (if any)**
1						
2						

Summary of Legal Proceedings Instituted by the Company

S. No.	Name of Defendant / Respondent / Accused	Nature (Litigation / Arbitration / Regulatory Investigation / Claim / Other)	Description of the matter	Progress of the case to date (Discovery / Trial Date Set for [Date] / Appeal Pending / Settlement Discussions / Other)	Likelihood of an unfavorable outcome*	Estimated Financial Impact (if any)**
1						
2						

**Based on your professional judgment, please estimate the likelihood of outcome using the criteria below:*

- *Probable – More likely than not to occur, (i.e. the probability that the event will occur is greater than the probability that it will not)*
- *Possible – Less than probable but more than remote*

- *Remote – Chances are very small*
- *Other – Case assessment is not certain at this point*

***Please provide your best estimate of potential financial impact for each applicable matter, either as a specific amount or a reasonable range of possible loss, where such an estimate can be made.*

Please also identify any pending or threatened litigation, claims, or regulatory matters, in addition to those listed above.

Yours faithfully,

AUTHORIZED SIGNATORY