

ICAP HEAD OFFICE

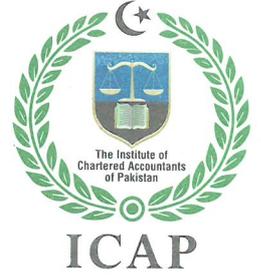
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ASEB Circular No. 6/2026

March 04, 2026

ALL MEMBERS OF THE INSTITUTE

Dear Member

DIRECTIVE 4.30 - TIME ESTIMATION AND DOCUMENTATION FOR AUDIT ENGAGEMENT(S) OF PUBLIC INTEREST COMPANIES (PICS)

The Institute is committed to improving the quality of audit including for Public Interest Companies (PICS) to protect the public interest and maintain confidence in financial reporting.

This directive mandates the audit firms' documentation of budgeted and actual time spent on the audit to ensure that audit firms allocate sufficient resources commensurate to audit engagements based on their nature, complexity, and risks. Inadequate time and resource allocation, often reflected in audit fees that are not rationally determined, can pose a significant threat to audit quality. Such deficiencies may lead to a failure to obtain sufficient appropriate audit evidence, compromising the integrity and reliability of the audit opinion.

The Institute aims to mitigate these risks by mandating a strong process for the estimation and documentation of time spent on PIC audits.

Requirements

i. Time Estimation and Planning

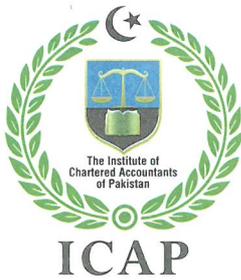
Before starting any audit for a PIC, the audit engagement partner, with the team, shall develop a detailed time budget. This budget shall be based on an understanding of the client's business, internal controls, and identified risks. It shall either allocate time for all key audit phases (for example planning, risk assessment, understanding the entity, testing internal controls, substantive procedures, reviewing financial statements, and reporting) or document the budgeted hours for each engagement team member. The engagement partner shall review and approve the budget and revise it as necessary.

ii. Documentation of Actual Time Spent

The audit engagement team to accurately record in the audit engagement file prior to archiving, the actual time spent on the audit as per detailed budget which should be compared, with the time budget and significant variations between these need to be appropriately documented with reasons of the variances.

iii. Review and Analysis

The engagement partner shall review the documentation of actual time spent and compare it with the budget along with reasons of variances and shall approve the same prior to archiving.



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iv. Integration with ISQM 1

The requirements under this directive are aligned with the International Standard on Quality Management (ISQM) 1. Firms shall integrate this directive into their quality management system, ensuring policies and procedures address:

- Resources: Ensuring engagement teams have sufficient time and resources.
- Engagement Performance: Ensuring engagements are performed to achieve quality.
- Monitoring and Remediation: Evaluating if sufficient resources were allocated and using findings to improve quality management.

v. Quality Control Review (QCR)

The budget and actual time documentation records for PIC(s) audit engagements selected for QCR review will be made available to the Quality Assurance Department (QAD) to ensure compliance of this directive.

Effective Date

This directive is effective for all PIC, as defined under Companies Act, 2017, audit engagements for financial years beginning after July 1, 2025.

[Approved by the Council in its 409th meeting held on January 14, 2026]

Omer Jamal, FCA
Chief Operating Officer/ Secretary

SA