



The Institute of
Chartered Accountants
of Pakistan

CA
PAKISTAN
HEAD OFFICE

Directive 4.25 (Revised 2024)

AUDIT PRACTICE REVIEW & SUPPORT PROGRAM (APRSP)

The Institute of Chartered Accountants of Pakistan being a member of the International Federation of Accountants (IFAC) needs to mandatorily comply with Statements of Membership Obligations (SMOs) issued by IFAC.

IFAC's SMO-1 *Quality Assurance* requires that a mandatory quality assurance review system should be in place for firms performing Audit, Assurance and Related Services to ensure that the firms and its partners comply with all applicable professional standards with particular emphasis on strengthening the quality of audit assignments. Similar programs for ensuring quality of practice are followed by institutes globally including those operating in Bangladesh, Sri Lanka, UK and Malaysia.

ICAP already runs a Quality Control Review (QCR) Program under QCR framework since 2003. The QCR framework covers firms that are engaged in statutory external audits of:

- Public Interest Companies;
- Large Sized Companies; and
- Public Interest and Large Sized Companies which are either associations not for profit or limited by guarantee.

Now the Institute is introducing '**Audit Practice Review & Support Program**' for all the Non-QCR rated firms engaged in Audit, Assurance and Related Services.

The **APRS** Program approved by the Council, after due process, is attached herewith. It outlines:

- (a) Objectives & Scope of the program;
- (b) Selection of firms for review under the Program and the review process;
- (c) Details of Appellate Forums and Appeal Process; and
- (d) Support by the Institute.

The **APRS** Program is effective from October 1, 2020.

The Program can also be accessed at <https://www.icap.org.pk/aprsp/>

(331st meeting of the Council- September 4-5, 2020)

The Council approved the following changes in the directive

“6.2.6 The decision of the Forum shall be final unless challenged before the High Court under Clause 6.2.9, a copy of the decision shall be communicated to the appellant with a copy to the Director of Practice Review and the Chairman of the Committee.

6.2.9 Any person aggrieved by the order of the Appellate Forum shall file an appeal before the High Court, within sixty days of the date of such order.”

(Approved in 376th meeting of the Council- December 18-19, 2023)



CA
PAKISTAN

AUDIT PRACTICE REVIEW & SUPPORT PROGRAM

[Not Applicable to QCR Rated Firms]

September 11, 2020

AUDIT PRACTICE REVIEW & SUPPORT PROGRAM (APRSP)

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Preamble/Background

The Institute of Chartered Accountants of Pakistan (the Institute) is a member of the International Federation of Accountants (IFAC) and Statements of Membership Obligations (SMOs) by IFAC are issued, which are needed to be mandatorily complied by its member bodies. The SMO-1 (Quality Assurance) of the IFAC requires that a **mandatory** quality assurance review system should be in place for firms performing audits of financial statements by virtue of which it should be ensured that the firms and its partners are in compliance with the quality standards for professional assignments. Similar programs for ensuring quality of practice are followed by international institutes globally including those operating in Bangladesh, Sri Lanka, UK and Malaysia.

Building public trust in the work performed by practicing members is one of the key priorities of the Institute, therefore, improvements in the existing practice regime is also one of the strategic objectives approved by the Council of the Institute. Accordingly, the Council of the Institute decided to introduce this **'Audit Practice Review & Support Program'** to ensure maintenance of quality standards of the professional practices. This will ensure that the work carried out by practicing members complies with Professional Standards and is in accordance with the directives of the Council and other laws, regulations and pronouncements of professional bodies as applicable in Pakistan.

The **'Audit Practice Review & Support Program'** provides the application of best practices followed by professional institutes around the world. The **'Audit Practice Review & Support Program'** will run in parallel with the Quality Control Review (QCR) Program and firms which have attained satisfactory QCR rating under the QCR program of the Institute are excluded from the ambit of the **'Audit Practice Review & Support Program'**.

The key features of the **'Audit Practice Review & Support Program'** are as follows:

- (i) Review of engagements to ensure that Audit, Assurance and Related Services rendered by firms, comply with the Chartered Accountants Ordinance, 1961, Chartered Accountants Bye-Laws, 1983, Professional Standards, Training Regulations and Directives of the Council of the Institute;
- (ii) Applicable to - firms carrying out Audit, Assurance or Related Services;
- (iii) Establishment of a Directorate of Practice Review; and
- (iv) Constitution of an Independent Appellate Forum.

The Council believes that the effective implementation of the Program will go a long way in the development of the profession.

PART I – SCOPE, DEFINITIONS AND OBJECTIVES

1.1. Scope

The 'Audit **Practice Review & Support Program (APRSP, the Program)** applies to all firms providing Audit, Assurance or Related Services conducted under legal and financial reporting framework as applicable in Pakistan.

This document prescribes the objectives and scope of the Program, composition, responsibilities and functions of the Directorate of Practice Review and the Appellate Forum. The Members' Affairs Committee formed by the Council shall be responsible for carrying out the implementation of the Program.

1.2. Definitions

In this framework, unless there is anything repugnant in the context:

1.2.1. **“Additional Practice Review”** means review conducted due to circumstances provided in clause 2.2.6 below;

1.2.2. **“Audit, Assurance and related services partner”** means a partner as identified by the Firm to the Institute;

1.2.3. **“Audit, Assurance or Related Services”** “Audit” means an audit assignment carried out by a Firm in respect of which the audit report is issued under International Standards on Auditing as applicable in Pakistan. “Assurance” means an assurance engagement in respect of which the assurance report is issued under International Standards on Assurance Engagement as applicable in Pakistan. “Related services” refer to assignments performed under the pronouncement of International Audit and Assurance Standards Board (IAASB) on related services. These assignments carried out together or separately are referred to as “Audit, Assurance or Related Services”;

- 1.2.4. **“Committee”** means the ‘Members Affairs Committee’ formed by the Council of the Institute;
- 1.2.5. **“Reviewer”** means a Chartered Accountant appointed by the Institute to carry out Practice Review under this Program and having post-qualification experience including in a professional QCR rated firm of Chartered Accountants, as may be prescribed by the Committee.;
- 1.2.6. **“Chartered Accountant”** means a person who is a member of the Institute;
- 1.2.7. **“QAB”** means the Quality Assurance Board;
- 1.2.8. **“Firm”** means a sole practitioner or a partnership of the members of the Institute engaged in providing Audit, Assurance or Related services;
- 1.2.9. **“Non-Reportable Matters”** means matters which are insignificant departures from the requirements of the Program and are not considered as Reportable Deficiencies;
- 1.2.10. **“Practice Review”** means a review performed under the Program to ensure that the work carried out by the Firm or Member(s) is in compliance with professional standards and with the requirements mentioned in clause 1.3.1 below;
- 1.2.11. **“Director of Practice Review”** means a Chartered Accountant appointed by the Institute under the Program, with post-qualification experience including in a professional QCR rated firm of Chartered Accountants as may be prescribed by the Committee, and may include a Senior Manager of equivalent qualification and prescribed experience appointed in place of the Director, as deemed appropriate;

- 1.2.12. **“Re-Review”** means re-review conducted as prescribed under clause 4.3.1(c) of this Program on the direction of the Committee on some or all of the aspects covered in clause 1.3.1;
- 1.2.13. **“Practice Review Year”** means a period of twelve months commencing on 1st July of any year and ending on 30th June of following year;
- 1.2.14. **“Professional Standards”** means the International Standards on Auditing (ISAs), International Standard on Quality Control 1 (ISQC 1), Related Services Pronouncements, Ethical Standards, Directives and Pronouncements issued by the Institute, Legal and Regulatory Framework and other requirements with respect to Audit, Assurance or Related Services as applicable in Pakistan;
- 1.2.15. **“Public Practice Program” means** a training program prescribed by the Council and to be completed by a practicing member carrying out Audit, Assurance or Related Services.
- 1.2.16. **“Reportable Deficiencies”** mean matters which are departures from the requirements of the Program or Professional Standards and are further categorized as either “significant” (e.g. important to the quality of the work performed to support the report issued by the practicing member or important to the usefulness of the financial statements); and
- 1.2.17. **“Partner”** means a Chartered Accountant identified as a partner in a firm of chartered accountants on “Form C” submitted to the Institute.

Any term not defined under this Program shall have the same meaning as prescribed in the Chartered Accountants Ordinance, 1961 (here-in-after referred to as ‘the Ordinance’) or the Chartered Accountants Bye-Laws, 1983 (here-in-after

referred to as ‘the Bye-Laws’) or any other Directive or pronouncement of the Institute.

1.3. Objective of the APRSP

1.3.1 The objective of the Program with respect to a firm is to ensure that:

- a) in providing Audit, Assurance or Related Services, a firm complies with Professional Standards; and
- b) it complies with Training Regulations for Firms employing students as given in Council’s Directive(s);
- c) Members are compliant with CPD requirements of the Institute.

1.3.2. In order to achieve the above objectives there shall be periodical Practice Review of the Firms. The scope of the Practice Review shall only cover matters noted in 1.3.1 above.

1.3.3. Further, the Program incorporate requirements for members to complete the Public Practice Program prescribed by the Institute in order to properly equip and remain updated with knowledge of the matters related to the public practice concerning Audit, Assurance or Related Services of the firm.

PART II - SELECTION AND ARRANGEMENT OF REVIEWS

2.1. Firms subject to Practice Review

2.1.1. All firms engaged in providing Audit, Assurance or Related Services shall be subject to Practice Review under this Program.

2.1.2. Where the name of the firm is appearing in the list of firms having satisfactory QCR rating, that firm shall be excluded from the purview of this Program. If the name of the firm is removed from the list of firms having satisfactory QCR rating, that firm shall be subject to this Program if it does not apply for review under the QCR Program within one year from the date of removal from the list of firms having satisfactory QCR rating.

2.1.3. A firm may apply for an exemption from Practice Review by filing an Exemption Form in a prescribed format with the Director of Practice Review certifying that:

- a) The firm has not been engaged in Audit, Assurance or Related Services during the two years preceding the end of last financial year; or
- b) The firm will discontinue the provision of Audit, Assurance or Related Services within three months from the date of the notice of Practice Review. However, firms which have provided Audit, Assurance or Related Services to public limited companies (*other than those which are already covered under the QCR Program*) during the preceding one year from the date of Review shall be subject to Practice Review, for that period.

2.2. Selection for Review

2.2.1. A member obtaining a practicing license for the first time and establishing a new firm, either as a sole proprietor or in partnership with others, in which either the sole proprietor or at least one Partner is engaged in providing

Audit, Assurance or Related Services, shall be subject to Practice Review after completing its two years of operation.

- 2.2.2. A firm, already in practice on the Effective Date of the Program and in which at least one member is engaged in providing Audit, Assurance or Related Services shall be subject to Practice Review at any time after one year of effective date of the Program and thereafter, every two and a half years from the date of its last Practice Review. However, the Director of Practice Review may, on special request of the firm, grant an extension in the Practice Review for a period not exceeding three months, from the date the Practice Review is due to commence.
- 2.2.3. Up to fifty percent Members who are engaged in providing Audit, Assurance or Related Services in a single firm shall be subject to Practice Review referred to in clause 2.2.2.

Every firm shall ensure that all members engaged in providing Audit, Assurance or Related Services shall be subjected to Practice Review at least once within a period of five years. However, any delay on the Part of Directorate of Practice Review to commence, conduct or complete the Practice Review during the stipulated time shall be excluded from this period.

- 2.2.4. Notwithstanding anything else contained in this Program, a firm can be subjected to Re-Review in the event, the Committee, through a resolution passed by at least three fourth majority of its members, concludes that a firm or a member has not complied with the requirements specified in clause 1.3.1.
- 2.2.5. Notwithstanding any previous Practice Review, a Firm can be subject to additional Practice Review, if the Committee so concludes, in the case of a

change in the partnership profile of the Firm. For the purpose of this clause, the term “change” means:

- (i) Induction of new member(s) by a Firm, which constitutes 50% or more of the firm’s total partners’ strength.
- (ii) Change in the role of existing partner(s) who was/were not previously providing Audit, Assurance or Related Services.

The member(s) and or partner(s) referred to in sub clause (i) and (ii) above will be subject to Practice Review after completion of one year from the date of admission, or the change in role, of such member(s) or partner(s) as the case may be.

- (iii) Merger of a firm with another where one of the firms has not been engaged in the provision of Audit, Assurance or Related Services and the partner(s) in such firm has/have not been subject to Practice Review. Such partner(s) shall be subject to Practice Review after completion of one year from the date of merger.

2.2.6 If a case involving a member at the time of commencement of Practice Review, is pending before the Investigation Committee, the Director of Practice Review may, with the approval of the Committee, postpone the Review of the member for the time being to the extent of that particular assignment/client of the firm in respect of which the investigation proceedings are in process. The Practice Review may however, be commenced again with the approval of the Committee.

2.2.7 Notwithstanding, anything contained in clause 2.2.1 to 2.2.6 above, the Director of Practice Review, in consultation with the Chairman of the Committee, may decide to defer the Practice Review if the

circumstances so require. However, in such cases Director of Practice Review shall report the reasons for the consideration and approval of the Committee in its next meeting.

2.3. Arrangement of Reviews

- 2.3.1. The Director of Practice Review shall serve a notice to a Firm indicating that Practice Review of the firm is due.
- 2.3.2. The firm shall complete and file a Planning Questionnaire, in a format prescribed by the Committee, with the Director of Practice Review within 30 days of the notice issued under clause 2.3.1.
- 2.3.3. The Director of Practice Review shall consider the information contained in the Planning Questionnaire submitted by the firm and assign one or more Reviewer(s) to conduct the review.
- 2.3.4. The Director of Practice Review shall give notice in writing in a form to be prescribed by the Committee giving the name(s) of the assigned Reviewer(s) and the commencement date of a firm's review.
- 2.3.5. The notice shall be served upon the firm at least 30 days prior to the commencement date or such shorter period as may be mutually agreed by the firm and the Director of Practice Review.
- 2.3.6. Within 15 days of receipt of the notice pursuant to clause 2.3.4, the firm may file an objection in writing to the named Reviewer(s) for any other valid reason.
- 2.3.7. The Director of Practice Review, in consultation with the Chairman of the Committee, shall consider the objection and may assign another Reviewer(s) on being satisfied that there is a reasonable basis for the objection.

**PART III - DIRECTORATE OF PRACTICE
REVIEW**

3.1. Establishment of the Directorate of Practice Review (DPR)

There shall be a DPR in the Institute for carrying out the activities and functions under the Program. The DPR shall be headed by a Director or Senior Manager, Practice Review appointed by the Council as it may deem appropriate. There will be other staff and reviewers appointed by the Committee. The reviewers shall be appointed as full time practice reviewers.

3.2. Functions and responsibilities of the DPR

3.2.1. The Director of Practice Review shall have the following functions and responsibilities:

- a) to ensure adequate and effective implementation of Practice Review in accordance with this Program;
- b) to ensure conduct of Practice Review is in accordance with the procedure laid down;
- c) to seek guidance of the Committee in respect of matters where the Director of Practice Review feels that explicit guidance is not available in the Program. The Committee shall decide on the matter expeditiously within a period not exceeding 60 days of the receipt of such matter or enquiry. Any matter not specifically covered under this Program shall be referred to the Council for advice;
- d) to finalize the Practice Review report in consultation with the Reviewer(s) for submission to the Committee;
- e) to work as secretary of the Committee;

- f) to maintain record of all reviews, by name of the firm, partner, location, period covered, date of review etc.
- g) to represent the Directorate at the Appellate Forum;
- h) to maintain an updated list of members and firms subjected to practice review, conclusions and actions taken; and
- i) to appoint, with the approval of the Secretary, any individual on a fee and authorize him/her to perform Practice Review under this Program.

3.2.2. The Director of Practice Review shall report functionally to the Committee through its Chairman and administratively to the Secretary.

3.3. Powers of the Reviewer

3.3.1. A Reviewer shall have the following powers:

- a) to review files, record and other information of a firm under review;
- b) to require the firm to provide information and produce documents necessary for the purposes of Practice Review;
- c) to report the findings of the Practice Review at its conclusion to the Committee through Director of Practice Review;
- d) to assist Director of Practice Review in presenting the “Report of Review” to the Committee; and
- e) to assist Director of Practice Review to make representations before the Appellate Forum, if required.

PART IV -THE REVIEW PROCESS AND REPORT

4.1. Review Process

4.1.1. The Practice Review shall be conducted in accordance with the procedure laid down in this Program.

4.1.2. On the commencement date of the Practice Review, the Reviewer shall attend at the office of the Firm, or any other location as may be agreed with the firm. In conducting the Practice Review, the Reviewer shall consider:

- a) documentation and implementation of the quality control system of the Firm;
- b) current engagement files (covering Audit, Assurance or Related Services) of last completed assignments provided that, in case of private limited companies, selection preference would be given to engagement files of companies having share capital exceeding Rupees fifty million or annual turnover exceeding Rupees one hundred million;
- c) compliance with Professional Standards;
- d) compliance with the provisions of the Ordinance, Byelaws and Directives of the Institute;
- e) compliance with training regulations of the Institute;
- f) compliance with laws and regulations as applicable in Pakistan, related to Audit, Assurance and Related services;
- g) that the practicing members carrying out Audit, Assurance or Related services of the firm have attended the Public Practice Program once in three years; and

h) Compliance with CPD program/directive of the Institute.

4.1.3. The Reviewer shall select two engagement files to be reviewed for each partner or sole proprietor engaged in audit, assurance and related services of the firm. However, the Reviewer may, if deemed necessary, select additional files to be reviewed with reasons to be recorded in writing duly concurred by Director of Practice Review. The Reviewer shall consider the following factors regarding selection of files:

- a) the degree of reliance, if any, to be placed on quality controls;
- b) the size of the firm; and
- c) level of risk involved in the engagement.

4.1.4. The Reviewer shall use a Practice Review checklist duly approved by the Committee to ensure that requirements of the Program have been met. The format of the checklist shall be placed on the Institute's website for the information of members of the institute.

4.2. Review Report

4.2.1. At the conclusion of the Practice Review, the Reviewer shall prepare a draft report within 30 days, setting out Reportable Deficiencies and Non-Reportable Matters.

4.2.2. After completion of the review, the Reviewer shall discuss the Reportable Deficiencies, if any, in the draft report with a representative of the Firm and may revise the draft report.

4.2.3. The Director of Practice Review shall discuss the draft report with the Reviewer to ensure that all Reportable Deficiencies have been adequately identified and appropriately reported and the draft report conforms to the requirement of the Practice Review.

- 4.2.4. The Director of Practice Review may also discuss the report with the Firm.
- 4.2.5. On conclusion of the review by the Director of Practice Review, the draft report will be delivered to the firm for comments to be provided within 21 days.
- 4.2.6. The Director of Practice Review or a Reviewer may require the firm to provide written confirmation of any actions planned by the firm to address deficiencies.
- 4.2.7. If the Firm disagrees with a Reportable Deficiency listed in the report, it may provide explanation and documentation to support its position.
- 4.2.8. The Director of Practice Review or a Reviewer may amend the draft report as appropriate, taking into consideration any matters arising from clause 4.2.3 to clause 4.2.7, concluding with recommendations as to a course of action and submit the final report to the relevant bench of the Committee for review.
- 4.2.9. The Director of Practice Review shall communicate the decision of extending satisfactory report or otherwise of the Committee or the Council as appropriate within fifteen days of the decision, to the firm.

4.3. Consideration and Determination by the Committee

- 4.3.1. The Committee shall consider the report and matters pertaining to the Practice Review, or of a Re-Review, and may take one or more of the following actions:
- a) deem the Review or Re-Review complete and ratify the report of Practice Review;
 - b) require the firm to provide further written submissions on the intended correction of any identified deficiencies along with action plan in a

prescribed format, and consider the matter further once such submissions have been received or the time for making submissions has expired;

- c) require the firm or a member to be subject to full or partial Re-Review within one year. However, Committee shall not allow opportunity of more than two Re-Reviews to any firm or member within one year from the date of first Practice Review;
- d) require the firm or a member to undertake certain specified actions in order to improve the overall standards of the Firm to ensure that it conforms to the requirements of the Program;
- e) subject to the approval of three-fourth majority of the members of the Committee to refer the member to the Investigation Committee for investigation, where the member has continuously failed to implement the action plans and improve the standard of work after two Re-Reviews; and/or
- f) report to the Investigation Committee through Secretary on any other matter relating to non-compliance with the Professional Standards.

To educate and help improve the understanding of compliance requirements by members / firms under the Program, the clauses (e) and (f) above shall be applicable after three years from the effective date of this Program.

- 4.3.2. The Committee shall not refer a matter to the Investigation Committee or Secretary solely for the failure of a firm or a member, to produce a document subject to a valid claim of legal privilege that has not been waived.

- 4.3.3. In determining the action to be taken pursuant to clause 4.3.1, the Committee may consider, but will not be limited to, the following matters:
- a) the degree to which the requirements of the Practice Review have been met;
 - b) the nature and severity of any identified deficiencies;
 - c) the cooperation of the firm or member;
 - d) implementation of action plan submitted as a result of an earlier Practice Review or Re-review as the case may be; and
 - e) public interest;
- 4.3.4. A decision made by the Committee pursuant to clause 4.3.1(e) shall be final unless a firm or a member files an appeal under Part VI of this Program. Action taken or proposed to be taken against any partner of a firm under this Program shall be limited to such partner without any negative implications on other partner(s) of the firm or on the firm as a whole.
- 4.3.5. The Investigation Committee and the Council shall proceed on the recommendation of the Committee referred to in sub clause 4.3.1(e) in accordance with the provisions of investigation envisaged in the Ordinance and Bye-laws of the Institute.
- 4.3.6. The Committee shall ensure that its decision pursuant to clause 4.3.1(e) is communicated in writing to the firm or member through Director of Practice Review within fifteen days from the date of such decision.
- 4.3.7. Each Member covered in a review shall be awarded 20 CPD credit hours after the successful completion of the Practice Review.

PART V - RETENTION AND CONFIDENTIALITY

5.1. File Retention

5.1.1. Any file created during a Practice Review shall be retained until the Practice Review has been deemed complete by the Committee and thereafter for a period of twelve months after the conclusion of Practice Review Year in which the Practice Review was completed. However, if a firm or a member makes an appeal under this Program against the decision of the Committee, all files and documentation relevant for the Practice Review shall be retained by the Firm, and the Institute till the case attains finality or for a period of twelve months as described above whichever is later.

5.1.2. Notwithstanding clause 5.1.1, the Institute shall at minimum retain information required for administrative purposes till next Practice Review date of the firm, including:

- a) evidence that a Practice Review has been completed;
- b) documentation identifying the firm or the member and client files reviewed;
- c) documentation that may assist in future review planning; and
- d) any other documentation as required by the Committee.

5.2. Confidentiality

5.2.1. A member of the Committee, or any person acting on its behalf, or the Director of Practice Review or any Reviewer, or a staff member of Directorate of Practice Review, shall not make use of or disclose the contents of any report, files, working paper files, books, documents or other material reviewed, or any confidential information concerning the affairs of any firm or a member or of its clients obtained in the course of a Practice Review to anyone, except to the Director or Directorate of the Practice Review, the Committee, the Appellate Forum and or the Council as required under this Program.

PART VI - Appeal

6.1 - Appellate Forum

- 6.1.1 Two Appellate Forums (the Forum) shall be constituted by the Council under the Program to provide grievance mechanism to firms or members not satisfied with the outcome of the Practice Review, one each for the Northern and Southern Regions.
- 6.1.2 The Forum shall comprise three members appointed by the Council, of which two shall be from the members of the Institute who have been past members of the Council and have served at-least one full term in the Council and one shall be a person who has exercised the powers of, or has been, a judge of a High Court or who is or has been, an advocate of a High Court and is qualified to be a Judge of a High Court. Such person shall also act as Chairman of the Forum.
- 6.1.3 The members of the Committee or of the Council shall not be nominated on the Forum. A cooling off period of two years shall be required for eligibility to be appointed at the Forum for the former members of the Committee or of the Council.
- 6.1.4 The quorum for a meeting of the Forum shall be the majority of its members. In case the Chairman is unable to attend the meeting, the members present shall decide amongst themselves a person to act as Chairman at that meeting.
- 6.1.5 The term of the Forum shall be three years from the date of its constitution.
- 6.1.6 No member of the Forum shall serve for more than two consecutive terms of two years each.
- 6.1.7 A member retiring after serving two consecutive terms shall be eligible for reappointment, after two years from the date of retirement.

6.2. Filing of Appeal

- 6.2.1 Any member or a firm aggrieved by the decision of the Committee shall have a right to appeal before the Forum within 30 days of such decision having been communicated to the member or the firm, on the prescribed form and accompanied by such documents and information as may be prescribed.
- 6.2.2 The Forum shall, at the request of the applicant, or on its own motion give a personal hearing to the aggrieved member or authorized representative of the firm, who must either be a lawyer or a member of the Institute.
- 6.2.3 The Committee shall authorize any of its members or any representative to attend the hearing on its behalf.
- 6.2.4 Director of Practice review and Head of Legal is also entitled to attend the hearing of the Forum, if he so desires;
- 6.2.5 The Forum shall have the power to confirm, vary or reverse the original recommendation/decision of the Committee that has been appealed. The Forum can also remand the case to Director of Practice Review with directions;
- 6.2.6 The decision of the Forum shall be final unless challenged before the High Court under Clause 6.2.9, a copy of the decision shall be communicated to the appellant with a copy to the Director of Practice Review and the Chairman of the Committee.
- 6.2.7 The Forum shall preferably dispose of the appeal within 60 days from the date of filing of appeal.
- 6.2.8 During the process of appeal, the Forum can grant relief to the firm or member suspending the decision of the Committee.
- 6.2.9 Any person aggrieved by the order of the Appellate Forum shall file an appeal before the High Court, within sixty days of the date of such order.

PART VII - MISCELLANEOUS

7.1 Failure to Comply

7.1.1 Failure to comply with any provision of this Program, including a failure to comply with any decision or requirement of the Committee, can be referred to the Investigation Committee of the Institute under Section 20A of the Chartered Accountants Ordinance, 1961.

7.2 Amendments/ Removal of Difficulties/ Effective Date

7.2.1 This Program may be altered or amended, by the Council.

7.2.2 The Council may provide guidance on matters not specifically covered under this Program.

7.2.3 This Program shall become effective from October 1, 2020.

PART VIII – SUPPORT BY THE INSTITUTE

8.1 TECHNICAL HELPLINE

A Technical Helpline has been established on the Institute's website, where members can post their queries in relation to financial reporting, auditing or ethics related matters. Guidance will also be provided through this helpline in respect of matters arising from the provisions of this Program. The Helpline may be accessed by visiting the Institute's website <http://www.icap.net.pk/your-technical-helpline> .

8.2 FREQUENTLY ASKED QUESTIONS (FAQs)

1. When the firm shall be subject to Practice Review under this program?

A firm, already in practice on the effective date of this program and in which at least one member is engaged in providing Audit, Assurance or Related Services shall be subject to Practice Review at any time after one year of effective date of this program.

2. Whether the program is applicable to all CA firms?

The program applies to all firms providing Audit, Assurance or Related Services conducted under legal and financial reporting framework as applicable in Pakistan.

3. Whether the Audit, Assurance or Related Services provided to the private limited companies by the firm shall be subject to Practice Review?

Yes, the program is applicable to all types of private limited companies.

4. Why this program is being implemented in the presence of QCR program?

QCR is a voluntary program undertaken by CA firms who intend to conduct audits of financial statements of listed and certain specified non-listed companies.

The Institute is a member of the International Federation of Accountants (IFAC) and there are Statements of Membership Obligations (SMOs) of IFAC which are

needed to be complied with by its member bodies. SMO-1 of IFAC requires a mandatory quality assurance review system to be in place for firms performing audits of financial statements by virtue of which it should be ensured that the firms and its partners are in compliance with the quality standards for professional assignments

5. Does this program conflict with the existing QCR program of the Institute?

No, this program shall not be applicable to the firms which have attained satisfactory QCR rating under the QCR program of the Institute.

6. What if the name of any firm is removed from the list of firms having satisfactory QCR rating under the QCR program of the Institute?

If the name of the firm is removed from the list of firms having satisfactory QCR rating, that firm shall be subject to this Program if it does not apply for review under the QCR Program within one year from the date of removal from the list of firms having satisfactory QCR rating.

7. What are the penalties for non-compliance with this program?

The Members' Affairs Committee may with the approval of three-fourth majority of its members, refer the case to the Investigation Committee of the Institute where the member has continuously failed to implement the action plans and improve the standard of work after two Re-Reviews. The Members' Affairs Committee may also report to the Investigation Committee any other matter relating to non-compliance with professional standards.

8. What if the firm is restricted to produce any document to the Institute due to absence of consent from its client?

The Committee shall not refer a matter to the Investigation Committee or Secretary solely for the failure of a firm or a member, to produce a document subject to a valid claim of legal privilege that has not been waived.

9. In case of any difficulty arising on the professional matters, whether any guidance will be provided by the Institute?

“Technical Helpline” is available on the Institute’s website for providing guidance on professional and other matters relating to the Program. Members can post their queries on the Helpline.

10. Whether an appeal can be filed against the decisions made under this program?

There will be two Appellate Forums to provide grievance mechanism to firms or members who are not satisfied with the outcome of the Practice Review, one each for the Northern and Southern Regions.

11. What is the timeline to file an appeal before the Appellate Forum?

Any member or a firm aggrieved by the decision of the Committee shall have a right to appeal before the Forum within 30 days of such decision having been communicated to the member or the firm.

12. Whether the decision of the Appellate Forum can be challenged?

The decision of the Forum shall be final unless challenged before the High Court under Clause 6.2.9.

13. What is meant by ‘Related Services’?

Related Services comprise of ‘Compilation’ and ‘Agreed Upon Procedures’ engagements. There are separate International Standards on Related Services (ISRS) for each of the above engagements. These standards explain the auditor’s professional responsibilities along with the form and content of the reports that the auditor issues in connection with such engagements.

The objective of an agreed-upon procedures engagement is for the auditor to carry out procedures of an audit nature to which the auditor and the entity and any appropriate third parties have agreed and to report on factual findings.

The objective of a compilation engagement is for the accountant to use accounting expertise, as opposed to auditing expertise, to collect, classify and summarize financial information.