



Reports of the Boards

Presented by the respective Chairpersons of the Boards to provide members insight into each Board's performance during the year.

An independent Accounting Standards Board has been established by the Council to strengthen financial reporting in Pakistan by reinforcing the legitimacy of the standard setting process, building public confidence through increased transparency and ensuring wider participation of stakeholders.

Report of the Accounting Standards Board

Report from the Chair

It is my pleasure to present the Report as Chair for the year 2025–2026. Since its establishment in 2017, the Accounting Standards Board (ASB/Board) has remained steadfast in advancing high-quality financial reporting in Pakistan through the adoption and implementation of International Financial Reporting Standards (IFRS) and, more recently, IFRS Sustainability Disclosure Standards.

The past year has been particularly significant, marked by progress on multiple projects, active engagement with stakeholders, and notable achievements in aligning Pakistan's financial reporting with global developments. With the adoption of IFRS S1 and S2 by the Securities and Exchange Commission of Pakistan (SECP) and new IFRS standards such as IFRS 18 and IFRS 19 issued by the IASB, the Board has maintained a strong focus on ensuring their smooth adoption and implementation.

What follows is a summary of our progress, key initiatives, and international engagement during the year under review, as well as a glimpse into our future priorities.

2025-2026 at a Glance

IFRS Sustainability Disclosure Standards

To support implementation of IFRS Sustainability Disclosure Standards, the Board undertook the following activities:

- July 14, 2025: Issued ISSB Educational Material – Using ISSB Industry-based Guidance when Applying ISSB Standards.
- August 1, 2025: Issued guidance for Sustainability Reporting in Pakistan – IFRS S1 & S2 Disclosure Checklist.
- August 05, 2025: Issued ISSB Guidance on 'Disclosing information about an entity's climate-related transition, including information about transition plans, in accordance with IFRS S2'
- October 29, 2025: Issued ISSB Educational Material – Disclosing Information on Anticipated Financial Effects.
- January 14–15, 2026: Conducted a workshop on IFRS Sustainability Disclosure Standards in Lahore.

- April 14, 2026: Conducted an IFRS S1 & S2 workshop for Regulators in Islamabad.
- May 8, 2026: Requested comments on the ISSB Exposure Draft titled Proposed Amendments to the SASB Standards and IFRS S2 Industry-based Guidance.
- June 30, 2026: Requested comments on the Draft Illustrative Sustainability Report for the Apparel Industry (final illustrative report yet to be issued).
- July 16, 2026: Developed at the request of SECP and submitted to it the Draft Practical Guidance for Applying the Revised ESG Disclosure Guidelines and Pakistan Green Taxonomy in the Cement Sector in Pakistan.

These activities supported awareness, consultation and practical implementation of sustainability reporting requirements in Pakistan.

IFRS 18 *Presentation & Disclosure in Financial Statements*

On August 29, 2025, following completion of due process activities, the Board submitted its recommendation to SECP for the adoption of IFRS 18, Presentation and Disclosure in Financial Statements. Following SECP's notification of IFRS 18 on December 12, 2025, the Board focused on implementation support via conducting webinars and other activities.

On December 26, 2025, ICAP communicated SECP's notification on the adoption of IFRS 18 and IFRS 19 to its members and stakeholders.

The Board conducted a webinar on IFRS 18 for members on March 4, 2026, highlighting the new structure of the statement of profit or loss, management-defined performance measures and enhanced disclosure requirements. Building on these efforts, the Board organised another webinar on IFRS 18 and IFRS 19 on April 15, 2026, providing practical implementation guidance and addressing questions raised by preparers, auditors and regulators.

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

On August 29, 2025, following completion of due process activities, the Board submitted its recommendation to SECP for the adoption of IFRS 19, Subsidiaries without Public Accountability: Disclosures. Following SECP's notification of IFRS 19 on December 12, 2025, the Board focused on supporting its implementation.

During the webinar held on April 15, 2026, the Board explained the scope of the Standard, its eligibility criteria and the reduced disclosure requirements available to qualifying subsidiaries, while also addressing practical implementation issues raised by stakeholders.

The application of IFRS 19 in Pakistan is expected to reduce the reporting burden for eligible entities without compromising the quality of financial reporting.

The Board remains committed to supporting the implementation of IFRS 18 and IFRS 19 through continued stakeholder engagement and the publication of educational and implementation materials to facilitate a consistent understanding and application of these Standards in Pakistan.

IFRS for SMEs (Third Edition)

The Board made efforts towards the adoption and implementation of the IFRS for SMEs Accounting Standard (Third Edition) in Pakistan through completion of due process activities. The Board carried out consultations on the adoption of IFRS for SMEs (Third Edition) on August 18-20, 2025 in Karachi, Lahore and Islamabad.

Following completion of due process activities, the IFRS for SMEs Accounting Standard (Third Edition) was recommended by the Council of the Institute to SECP for adoption.

The IFRS for SMEs (Third Edition) is yet to be formally notified by SECP.

Revision of AFRS for SSEs

The Board, during the year, carried out a comprehensive review of AFRS for SSEs (Second Edition) [termed as Revised AFRS for SSEs in the Companies Act, 2017] and approved the draft AFRS for SSEs (Revised 2026). The revised Standard aims to update and align the existing requirements while retaining simplified accounting and financial reporting requirements appropriate for small-sized entities in Pakistan. The Standard has been submitted to the IFRS Foundation for the necessary licensing arrangement, which is currently being processed and will be shared with members for comments once this process is completed.

Progress on IFRS 17 Implementation

The Board continued its support for the phased implementation of IFRS 17 Insurance Contracts. SECP extended the applicability of IFRS 17 from January 1, 2026 to January 1, 2027, recognising industry challenges.

In continuation of earlier efforts, comments on the Draft Primary Statement Formats for Insurance Companies were submitted to SECP on January 22, 2026, incorporating the presentation and disclosure requirements arising from IFRS 17 and IFRS 18.

Alignment of Pakistan Reporting Framework with IFRS Framework

To eliminate deviations from IFRS Accounting Standards and strengthen comparability, ASB finalised a detailed report in prior years on exemptions/relaxations from IFRS Accounting Standards, submitted to SECP for its consideration in removing these exemptions and relaxations. This is a crucial step towards harmonising Pakistan's framework with international standards. SECP is taking steps in consideration of our recommendations.

Implementation Support and Guidance

The Board responded actively to stakeholder needs by issuing the following clarifications, circulars and technical guidance:

- July 28, 2025: Conducted a consultation on the proposed withdrawal of exemption from IFRIC 12 Service Concession Arrangements, and shared results with SECP.
- August 4, 2025: Issued clarification on the accounting framework applicable to the financial statements of Public Sector Companies falling within the ambit of the State-Owned Enterprises (Governance and Operations) Act, 2023.
- September 26, 2025: Issued clarification to SECP on the application of IFRS 14 Regulatory Deferral Accounts in Pakistan.
- November 20, 2025: Issued a circular on Statement of Compliance for Financial Statements Prepared under the Companies Act, 2017 (Revised 2025).
- December 8–11, 2025: Conducted the Certificate in IFRS Accounting Standards training program in Islamabad to strengthen participants' technical knowledge and practical understanding of IFRS Accounting Standards.
- December 16, 2025: Conducted a webinar on the Guidelines on Application of the IFRS 9 Expected Credit Loss Model to Circular Debt Balances in the Energy Sector.
- April 3, 2026: Invited comments on the Post-Implementation Review of IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes. Post implementation review is in progress.
- June 3, 2026: Issued Accounting Technical Release (ATR) 22 – Calculation of Book Value per Share (Revised 2026).
- June 19, 2026: Issued Accounting Technical Release (ATR) 5 – Statement on Applicability of IFRS Accounting Standards and Pronouncements Issued by the IASB (Revised 2026).
- July 15, 2026: Invited comments on the Draft Guidance on the Accounting Treatment of Sindh Development and Maintenance of Infrastructure Cess.

The above actions ensured timely and practical responses to emerging accounting challenges.

National Regulatory Engagement

- October 31, 2025: Submitted recommendations to SECP on the revision of thresholds for classification of companies under the Third Schedule to the Companies Act, 2017.
- November 21, 2025: Submitted comments to SECP on the draft amendments to the Companies (Further Issue of Shares) Regulations, 2020.
- December 30, 2025: Submitted comments to SECP on the draft Companies (Multi-Level Marketing, Referral Marketing, Pyramid and Ponzi Schemes) Regulations, 2025.
- December 31, 2025: Submitted comments to SECP on the draft notification mandating the application of IFRS Accounting Standards by Limited Liability Partnerships in the preparation of their financial statements and mandatory assurance thereon.
- January 5, 2026: Submitted additional comments on the revision of thresholds for classification of companies under the Third Schedule to the Companies Act, 2017.

International Collaboration

ASB actively contributed to international standard-setting forums through the following activities:

- March 4, 2026: Invited comments on the IASB Exposure Draft "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures. Comments to IASB were later submitted on April 20, 2026.
- March 27, 2026: Invited comments on the IASB Exposure Draft Risk Mitigation Accounting – Proposed Amendments to IFRS 9 and IFRS 7. Comments to the IASB shall be submitted by their due date in November 2026.
- June 10, 2026: Invited comments on the IASB Exposure Draft "Consolidation Exception – Proposed Amendments to the IFRS for SMEs Accounting Standard". Comments to IASB shall be submitted by their due date in September 2026.
- June 10, 2026: Invited comments on adoption of IFRS 20 Regulatory Assets and Regulatory Liabilities from members. Further due process steps are still in progress.
- Participated in the 7th and 8th Belt and Road Accounting Standards Cooperation Forums held on October 14 - 15, 2025 and July 7, 2026, respectively, and delivered presentations on Pakistan's developments in sustainability reporting and digital transformation of financial reporting.
- Participated in AOSSG and ASAF meetings throughout the year.
- Participated in the 17th Annual AOSSG Meeting (November 27-28, 2025), attended by IASB leadership and delegates from across Asia-Oceania. This global engagement underscores Pakistan's growing voice in the international accounting community.

Looking Ahead to 2027

The Board remains committed to serving the public interest through transparent, principles-based standard setting. Our priorities for the coming year include:

- Adoption of IFRS 20 Regulatory Assets and Regulatory Liabilities.
- Supporting first-time application of IFRS Sustainability Disclosure Standards, with a focus on climate-related reporting.
- Issuance of sector-specific illustrative formats of sustainability reports for the guidance and facilitation of companies in the preparation and implementation of sustainability reporting requirements.

- Scope 3 GHG emissions Guidance and Financed Emissions Guidance
- Revision of Accounting Standard for Not-for-Profit Organisations (NPOs)
- Continuing support for implementation of IFRS 17, 18, 19, and IFRS for SMEs (Third Edition) and issuance of necessary accounting guidance.
- Contributing to standard-setting at the IASB and ISSB levels.
- Expanding collaboration with stakeholders and strengthening Pakistan's presence in international forums.

Thank you

I would like to sincerely thank my fellow Board members, Advisory Group members, Working Group participants, and the dedicated Technical Services staff for their invaluable contributions. I also extend my gratitude to stakeholders, regulators, industry representatives, and former members of ASB for their engagement and trust.

The progress achieved this year demonstrates the collective commitment of all parties to elevate Pakistan's financial and sustainability reporting in line with international best practices.

Rana Muhammad Usman Khan

Chair, Accounting Standards Board

August 2026

The purpose of creating the Anti-Money Laundering (AML) Supervisory Board was to prepare the members to comply with their obligations to prevent, recognize and report money laundering and terrorist financing under the FATF Recommendations and the Anti-Money Laundering Act, 2010 (AMLA 2010).

Report of the AML Supervisory Board

I am pleased to present the Annual Report of the AML Supervisory Board for the year ended June 30, 2026. During the reporting period, the Institute continued to strengthen its role as the AML/CFT regulatory authority under the Anti-Money Laundering Act, 2010 (AMLA 2010) and AML/CFT Regulations issued by ICAP, with a strong focus on ensuring that member firms maintain the highest standards of AML/CFT compliance.

AML Risk Based Supervision and Monitoring Program

For the 2025 inspection cycle, a total of thirty-one (31) reporting firms comprised the supervisory population. In accordance with the approved ICAP Risk Based Approach, all reporting firms were assessed to be within Medium and Low risk categories. ICAP uses a risk-based approach to assess these firms based on inherent vulnerabilities and mitigating controls, including enterprise risk assessment, policies, customer due diligence, and internal controls. Based on this risk assessment, the AML Supervisory Board selected thirteen (13) reporting firms for inspection. The risk-based selection methodology ensured appropriate supervisory coverage of the reporting population while enabling the Board to effectively assess key AML/CFT risk areas through a combination of full-scope and thematic inspections.

The Institute conducted inspections of thirteen (13) reporting firms, comprising nine (09) full-scope inspections and four (04) thematic inspections. The full-scope inspections assessed firms' overall compliance with the ICAP AML/CFT Regulations.

AML/CFT Regulations Awareness and Research Initiatives

As part of its ongoing commitment to strengthening AML/CFT awareness and enhancing professional competence, ICAP conducted an AML Master Class which was designed to strengthen the knowledge and practical understanding of finance and business professionals, including ICAP members and reporting firms, regarding key AML/CFT obligations and emerging risk areas.

A guideline was developed and circulated to the SAFA AML Committee to enhance understanding of Countering Proliferation Financing (PF) risks and regulatory obligations and to provide practical guidance on implementing targeted financial sanctions, and strengthening client due diligence and reporting practices in line with FATF standards.

Appreciation and Way Forward

On behalf of the Board, I express my deep appreciation to the ICAP Council, management, and AML Department staff for their unwavering commitment and dedication. Their collaborative efforts have been central to strengthening AML/CFT supervision, enhancing member awareness, and ensuring adherence to regulatory requirements. We remain committed to upholding ICAP's role as a trusted AML/CFT regulatory authority and contributing to Pakistan's broader financial integrity framework.

Muhammad Samiullah Siddiqui, FCA
Chairman, AML Supervisory Board

An independent Auditing Standards and Ethics Board has been established by the Council to strengthen auditing, assurance, and ethics standards in Pakistan through reinforcing the legitimacy of the standard setting process, increasing public confidence with increased transparency and ensuring wider participation of stakeholders.

Report of the Auditing Standards & Ethics Board

The Auditing Standards & Ethics Board (ASEB or the Board) was established by the Council to strengthen auditing, assurance and ethics standards in Pakistan through a standard setting process that is transparent, technically rigorous and open to the widest participation of stakeholders. I am pleased to present the report of the Board for 2025 to 2026, covering the projects, circulars and standard setting milestones of what has been the Board's first full year of operation.

If the Board's opening months were about putting its structure and due process in place, this year was about delivery. The work program was shaped by three questions that matter to anyone who relies on an audit report: whether audit quality is improving, whether the auditor is genuinely independent, and whether the profession has the standards and guidance it needs to respond to what is being asked of it next.

Sustainability assurance was the most significant development of the year. Following stakeholder consultation, the Council approved the adoption of the International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements, together with the International Ethics Standards for Sustainability Assurance, including the International Independence Standards. Adoption, however, is only the starting point. To help practicing members work through what these requirements mean in practice, the Board disseminated IAASB resource material and invited comments on a draft format of the Independent Auditor's Limited Assurance Report on Sustainability Information.

Quality management and auditor independence remained at the center of the Board's agenda, particularly in relation to Public Interest Companies (PICs). Following stakeholder feedback and subsequent Council approval, the Board facilitated the issuance of Auditing Technical Release (ATR) 21, Maintenance of Register of Non-Assurance Services to Public Interest Companies. The Board also issued guidance on the implementation of ISQM 1 for PIC audits and conducted a two-day training on the practical implementation of a System of Quality Management (SOQM). Recognizing that audit quality is difficult to observe from the outside, the Board invited feedback on the proposed mandatory public disclosure of Audit Quality Indicators (AQIs). It further issued a directive requiring audit firms to plan, document and review time budgets, actual time incurred and resourcing variances on PIC audit engagements, on the straightforward premise that a good audit takes time and that the time taken should be capable of being evidenced.

The Board also worked to bring reporting practice into closer alignment with the regulatory framework. A standardized 'Other Matter' paragraph was introduced for second quarter review reports under the SECP regulations, clarifying the scope of the review carried out under section 237(1)(b) of the Companies Act, 2017. The Board clarified that auditors' reports for Associations of Persons (AOPs) should be prepared in accordance with ISA 700 (Revised), and supported consistency further by developing a draft format of the Independent Auditor's Report for mutual funds. To address compliance with the State-Owned Enterprises (SOE) Act, 2023, the Board highlighted auditors' responsibilities under ISA 720 (Revised) and ISA 570 (Revised) in relation to Board solvency declarations and going concern assessments.

Ahead of their effective date of December 15, 2026, the Board issued an overview of the key changes to ISA 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements, and ISA 570, Going Concern. Both revisions will require firms to revisit methodology, documentation and training well before that date, and the Board's intention in issuing the overview early was to give members that lead time. Work also progressed on technical guidance in areas where practice has been uneven, including the use and evaluation of professional valuers' reports for fair value assessments and a draft standardized legal confirmation format.

Stakeholder engagement remained central to how the Board works. During the year it convened an interactive consultation session with partners of audit firms registered with the Audit Oversight Board (AOB), held at ICAP House, Karachi, and attended virtually as well. The session was a candid and productive exchange, and gave the Board practical feedback on its initiatives relating to Audit Quality Indicators, time estimation and documentation, and sustainability assurance reporting.

Looking ahead, the Board will continue to focus on strengthening audit quality, auditor independence and ethical conduct, while supporting the profession through a period of significant change in auditing and sustainability assurance. Its priorities will include supporting the effective implementation of ISSA 5000 and the related ethics requirements, strengthening quality management practices, developing technical guidance on emerging audit and assurance matters, and maintaining active engagement with regulators, audit practitioners, preparers and other stakeholders.

Taken together, the initiatives of the year reflect the Board's continuing commitment to audit quality, transparency, regulatory alignment and technical rigor, and to serving the public interest through a standard setting process that remains open and inclusive. I record my sincere appreciation to my fellow Board members, to the members of the working groups, and to the Technical Services team, whose considered effort made this work possible.

Dawood Khan, FCA

Chairman, Auditing Standards & Ethics Board (ASEB)

Established in 2018, the Digital Assurance and Accounting Board (DAAB) was an initiative of the Council to serve the public interest by imparting digital knowledge and skills essential to the economy. DAAB's aim is to prepare professionals for the dynamic changes in accounting, assurance and other business functions.

Report of the Digital Assurance and Accounting Board (DAAB)

I Flagship Training Programs

1. Data Analytics Training Program

The Data Analytics Training Program remained one of the Digital Board's most widely attended programs, with multiple cohorts conducted throughout the year and over 1,500 professionals trained globally. More than 400 participants are actively enrolled and engaging in hands-on sessions using analytics tools, real-world case studies, and dashboard development exercises. Participants reported enhanced competencies in transforming raw data into actionable insights that support decision-making, planning, and performance evaluation across corporate and assurance functions. Alumni engagement continued through community initiatives such as the Data Analytics Huddle – Power of Progress, which celebrated accomplishments and fostered peer learning.

2. Technology Assurance Certificate Program (TAC)

The Technology Assurance Certificate Program continued its role as a cornerstone initiative for equipping professionals with capabilities to assess risk, governance, and assurance in technology-rich environments. The program is built on the substantial body of knowledge developed in prior cohorts, and the cumulative number of trained professionals has increased to over 250 across Pakistan, Middle East, Australia, Europe and North America.

The program's curriculum, aligned with global assurance standards, emphasized cybersecurity, IT governance, IT controls, audit in digital contexts, and risk management. This enabled participants to interpret complex risk environments, enhance control frameworks, and contribute to organizational resilience. The launch of Cohort 7 reflected the sustained demand and the importance attached by members and industry to technology assurance competence.

3. Mastering Intelligent Automation with Robotics & Artificial Intelligence

In parallel, the Mastering Intelligent Automation with Robotics & Artificial Intelligence Program saw a strong global response, with 300+ professionals enrolling across multiple cohorts launched during the year. The program attracted participants not only from Pakistan but also from Oman, Saudi Arabia, United Arab Emirates, Bahrain, Bangladesh, United Kingdom, United States of America, Canada, and Australia.

The program offers a hands-on, immersive learning experience covering intelligent automation strategies, AI-driven financial applications, robotics process automation, and emerging AI tools. Participants are equipped with practical skills to drive digital transformation, enhance operational efficiency, and lead innovation within their organizations. The continued launch of successive cohorts highlights the program's relevance and growing international recognition.

4. Self-Paced Data Analytics Program

To address the growing need for flexible learning, DAAB introduced the Self-Paced Data Analytics Program. Designed for professionals and C-suite executives, the program focuses on Advanced Excel and Microsoft Power BI, enabling participants to enhance data-driven decision-making at their own pace.

The course incorporates hands-on exercises, self-assessments, and real-world case studies, offering a practical and accessible learning experience tailored to modern professional demands.

II Tech Boot Camp for Partners and Senior Finance Leaders

The Digital Assurance and Accounting Board, in collaboration with the Southern Regional Committee (SRC) of the Institute of Chartered Accountants of Pakistan (ICAP), organized a Tech Boot Camp for Partners and Senior Finance Leaders on October 3rd & 4th as part of its ongoing efforts to enhance technological awareness and strategic capability within the profession.

The two-day Boot Camp was held at the National Aerospace Science & Technology Park (NASTP) and brought together CEOs, CFOs, partners, and senior finance executives for focused discussions on the evolving role of technology in business and finance. The program addressed key areas such as automation, FinTech developments, cybersecurity considerations, data-enabled decision-making, and enterprise digital transformation, with an emphasis on practical understanding and governance implications.

The Boot Camp was structured as a leadership-focused learning initiative aimed at strengthening the ability of senior finance professionals to engage with technology-driven change in a measured and informed manner. Sessions were delivered through expert-led discussions and case-based learning, enabling participants to assess the strategic, operational, and risk-related aspects of technology adoption within their organizations.

A key outcome of the program was an enhanced appreciation of the expanding responsibilities of finance leaders, particularly their role in supporting organizational strategy, oversight, and long-term value creation in an increasingly digital business environment. The discussions reinforced the importance of sound governance, informed decision-making, and cross-functional collaboration in navigating technological change.

The technical content of the Boot Camp was carefully curated to align with the evolving needs of senior finance professionals, and the initiative received positive feedback for its relevance, structure, and practical orientation. Through such initiatives, ICAP continues to support the professional development of its members and to strengthen leadership capacity in response to changing business and technological dynamics.

III IT Risk Assessment Workshop Series

The Digital Board conducted an IT Risk Assessment Workshop Series. A virtual session was held on 4 September 2025, followed by in-person workshops in Karachi and Lahore on 22 November 2025. These workshops carried CPD hours and were designed to deepen practitioners' understanding of IT risk assessment methodologies, governance structures, control evaluation, and regulatory compliance.

Distinguished speakers such as Mr. Javed Edhi, Chief Executive Officer of NIFT, Mr. Ali Qamar, CFO Forsyte Consulting & member of LUMS faculty, Mr. Saad Kaliya, Partner A.F. Ferguson & Co., and Mr. Arif Rehman, Chief Information Security Officer at HBL, together with other senior Chartered Accountants, shared expertise on identifying and managing technology risk and strengthening governance frameworks. Participants gained practical insights into aligning risk assessment practices with organizational and regulatory expectations, enhancing their ability to engage with boards and senior leadership on digital risk matters.

IV Building a Resilient Digital Future: Technology Governance and Risk Management Framework (TGRMF)

As Pakistani enterprises increasingly rely on Enterprise Resource Planning (ERP) systems, cloud platforms, and emerging digital technologies, exposure to technology, cyber, and information security risks has intensified. These risks have direct implications for the reliability of financial reporting, protection of sensitive information, regulatory compliance, and the continuity of critical business operations.

In response to this evolving risk landscape, the Institute of Chartered Accountants of Pakistan (ICAP) has initiated the development of a Technology Governance and Risk Management Framework (TGRMF) to support companies registered with the Securities and Exchange Commission of Pakistan (SECP). The framework is intended to establish a minimum baseline for technology governance, internal controls, and risk management practices, thereby strengthening transparency, accountability, and organizational resilience.

The TGRMF is conceptually aligned with internationally recognized standards and frameworks, including COBIT for the governance of enterprise information and technology, ISO/IEC 27001 for information security management, and relevant components of the NIST Cybersecurity Framework. It adopts a principles-based and risk-driven approach, emphasizing alignment between technology objectives and enterprise strategy, value realization from IT investments, and effective management of technology-related risks.

The framework focuses on the following key areas:

- **Governance and Oversight:** Clearly defined roles, responsibilities, and accountability structures for boards and senior management in overseeing technology and cybersecurity risks, consistent with leading governance practices.
- **Risk Management and Internal Controls:** Structured identification, assessment, and mitigation of IT and cyber risks through well-designed control activities, supporting financial reporting integrity and regulatory compliance.
- **Information Security and Data Protection:** Implementation of preventive and detective controls aligned with ISO/IEC 27001 to safeguard critical information assets and sensitive data.
- **Technology Operations and Resilience:** Controls to ensure system availability, effective incident response, disaster recovery, and business continuity, in line with global best practices.
- **Regulatory Compliance and Assurance:** Alignment with applicable guidance issued by the State Bank of Pakistan and other relevant regulators, while enabling management and auditors to assess the design and operating effectiveness of IT controls.

Through the adoption of the TGRMF, organizations are expected to enhance technology governance maturity, strengthen cyber resilience, and improve stakeholder confidence in the reliability and integrity of digital operations. The framework also provides a structured foundation for assurance, internal audit, and continuous improvement in technology risk management.

To support coordinated implementation and regulatory alignment, a comprehensive Project Charter outlining the framework's scope, objectives, governance structure, and implementation roadmap has been shared with the Securities and Exchange Commission of Pakistan.

V The Digital Edge: IT Skills and Competencies for the Finance Professional

The Digital Assurance and Accounting Board (DAAB) developed a comprehensive Technology Skills and Competencies Model for Finance Professionals to equip Chartered Accountants with the technological capabilities required in an increasingly digital business environment. The model establishes a structured progression of technology competencies across the CA professional journey, from initial professional development to leadership level. It covers six key areas: IT Governance & Compliance, IT & Cyber Risk Management, Data Science, Technological Fluency, ERP Systems, and AI & Emerging Technologies. The framework was developed with reference to international standards and global competency frameworks, ensuring its relevance to the evolving requirements of the finance profession. The model provides a structured pathway for strengthening digital proficiency, supporting technology adoption, and enabling finance professionals to contribute effectively to digital transformation and technology-driven decision-making. The model was approved by the ICAP Council.

VI AI Roundtable Series: Innovate, Automate, Prosper – AI for Pakistan

As part of its continued commitment to strengthening digital governance and professional readiness, the Digital Assurance and Accounting Board (DAAB) of the Institute of Chartered Accountants of Pakistan (ICAP) convened the AI Roundtable Series under the theme “Innovate, Automate, Prosper – AI for Pakistan.” The initiative was designed as a high-level strategic dialogue to examine the responsible adoption of Artificial Intelligence (AI) within Pakistan's corporate, financial, and regulatory landscape.

The Roundtable brought together senior corporate executives, policymakers, regulators, technology leaders, and members of the accounting and assurance profession to deliberate on the structural, governance, and ethical dimensions of AI implementation. Discussions focused on establishing foundational pillars for a digitally resilient ecosystem, including governance frameworks, regulatory harmonization, data integrity, risk oversight, and accountability mechanisms. Particular attention was given to bridging the “confidence gap” among leadership by translating national AI aspirations into measurable corporate standards and board-level oversight practices.

The dialogue also examined the evolving role of finance and assurance professionals in an AI-enabled environment. Participants reflected on the transition from traditional manual processes toward intelligent automation, predictive analytics, and emerging Agentic AI systems capable of supporting real-time insights and enhanced risk management. The need for infrastructure development, institutional capacity building, and specialized skill enhancement was emphasized to address the digital maturity gap relative to international benchmarks.

Structured as a strategic think-tank engagement, the Roundtable aimed to move beyond awareness toward actionable outcomes. The deliberations underscored the importance of embedding AI adoption within robust governance structures, ethical safeguards, and collaborative public-private partnerships to ensure sustainable and responsible technological advancement.

The session concluded with a formal commitment by DAAB to initiate the development of comprehensive guidance on AI Adoption for Corporate Entities. Through this initiative, ICAP continues to reinforce its leadership role in guiding ethical, secure, and globally aligned digital transformation across the profession and the broader corporate ecosystem.

New Initiatives:

1) Guidelines for adoption of AI for the Corporate Sector

In response to the rapid integration of Artificial Intelligence across the global professional and business landscape, ICAP has proactively developed and is introducing comprehensive AI Guidelines to guide ethical, secure, and value-driven adoption of advanced technologies across its operations and member ecosystem.

The AI Guidelines sets a robust governance framework that defines acceptable use, accountability structures, data protection principles, and ethical standards for AI systems. They include clear definitions of AI and related tools, establish risk management and oversight procedures, and delineate roles and responsibilities to ensure that AI applications deployed by ICAP or its stakeholders uphold fairness, transparency, security, and compliance with applicable regulations. The guidelines also align with global best practices in AI governance, ensuring that innovation is responsibly harnessed for professional excellence and public trust. The introduction of these guidelines reinforces ICAP's commitment to preparing its members and the profession at large for the transformative impact of artificial intelligence, while safeguarding against misuse, bias, and operational risks.

2) Program on Agentic AI

As a forward-looking initiative, the Institute is developing a specialized Agentic AI Certification Program to equip finance and assurance professionals with practical competencies in autonomous AI systems, intelligent decision-making models, AI agent orchestration, governance, risk management, and the ethical implications of agentic technologies.

Following the successful completion of the vendor selection process, Panacloud has been onboarded as the development partner, and work on the program design and content development is currently underway. The program is being developed to meet the evolving needs of the profession and will provide participants with hands-on knowledge of next-generation AI technologies and their applications in accounting, auditing, taxation, finance, and business operations.

The Institute anticipates launching the Agentic AI Certification Program in the last quarter of 2026, further reinforcing ICAP's commitment to preparing Chartered Accountants for the future of the profession and strengthening digital capabilities through emerging technologies.

Future Initiatives: Innovation and Governance in the Digital Era

I. Digital Technology Awards – 2027

To champion innovation and recognize impactful digital transformation, ICAP proudly continues its flagship Digital Technology Awards, scheduled for 2027. Building on the success of previous editions, these awards honor exceptional technological initiatives — including automation, analytics, artificial intelligence, and digital solutions, led by or developed with significant contribution from Chartered Accountants, Affiliates, and students.

The Digital Technology Awards demonstrate ICAP's role as a catalyst for excellence at the intersection of finance, technology, and professional practice. They spotlight organizations and projects that have delivered measurable business

benefits, enhanced operational efficiencies, and embraced forward-looking tech strategies in areas such as accounting automation, internal audit analytics, business intelligence dashboards, and AI-enabled controls. Winners are selected through a rigorous evaluation process emphasizing innovation, implementation effectiveness, outcomes and the role of finance professionals in driving impactful digital outcomes.

These awards not only recognize outstanding achievement, but also foster a culture of continuous innovation among finance professionals and organizations across Pakistan and beyond, positioning ICAP at the forefront of digital transformation in the profession.

II. Self-Paced Technology Assurance Certificate Program

In response to evolving learning preferences, ICAP is also transitioning the Technology Assurance Certificate Program to a self-paced learning format to broaden access while maintaining academic rigor and relevance. The bidding process for the development of this new format has been initiated and remains in progress. These future initiatives underscore ICAP's strategic orientation toward innovation, leadership in digital competencies, and preparing its members for the challenges and opportunities of the digital era.

Milestones & Achievements of the Digital Board

Event / Program	Dates
Cohort 3: Mastering Intelligent Automation with Robotics & Artificial Intelligence	21 June 2025 / 12 July 2025
Cohort 18: Data Analytics Training Program	30 August 2025
IT Risk Assessment Workshop Series – Virtual Session	4 September 2025
Cohort 4: Mastering Intelligent Automation with Robotics & Artificial Intelligence	13 September 2025
The Digital Edge: IT Skills and Competencies for the Finance Professional	25 September 2025
Tech Boot Camp	3–4 October 2025
Data Analytics Self-Paced Training Program	25 October 2025
IT Risk Assessment Workshop Series – In-person Session	22 November 2025
Cohort 19: Data Analytics Training Program	25 December 2025
Cohort 5: Mastering Intelligent Automation with Robotics & Artificial Intelligence	10 January 2026
Cohort 7: Technology Assurance Certificate Program	17 January 2026
AI Roundtable Conversation – 1st Series	21 January 2026
Cohort 20: Data Analytics Training Program	5 April 2026
Cohort 6: Mastering Intelligent Automation with Robotics & Artificial Intelligence	6 June 2026

Osama Kapadia, FCA

Chairman, Digital Assurance and Accounting Board

The Quality Assurance Board (QAB) leads audit quality management and implementation according to the international Standard on Auditing (ISA) which reflects the Institute's recognition that an active and strategic engagement of quality assurance is instrumental to the fulfillment of the Institute's mission.

Report of the Quality Assurance Board

Message from the Chairperson Quality Assurance Board

It is my privilege to present the Annual Report of the Quality Assurance Board (QAB) for the year ended 30 June 2026. The audit profession is navigating an increasingly complex environment, marked by evolving stakeholder expectations, intensified regulatory oversight, and rapid technological and business change. Against this backdrop, delivering consistent and sustainable audit quality remains a fundamental professional obligation and a responsibility shared by all participants across the profession.

Reflections from the Year

Our experience during the year provided valuable insights into the practices that support consistently high-quality audits. These fundamentals remain central to audit quality, even as business models, reporting requirements and audit methodologies become increasingly complex and technology driven. The reviews highlighted that:

- **The continuing importance of sound risk assessment,**
- **a clear linkage between identified risks and audit responses,**
- **reliable audit evidence,**
- **well-reasoned professional judgments and**
- **a thorough evaluation of financial-reporting implications.**

The year's experience also reaffirmed that audit quality must be embedded throughout the engagement lifecycle. A technically appropriate audit opinion must be supported by a robust evidential record, just as extensive documentation must reflect an audit strategy that addresses the risks that genuinely matter. Sustainable quality is achieved when client acceptance, planning, execution, review, consultation and reporting operate as an integrated and mutually reinforcing process. The observations arising from the review process should, therefore, be viewed not merely as individual findings, but as opportunities for collective learning and continuous improvement across the profession.

From Reflection to Action: Insights for Audit Firms

The lessons emerging from the year's reviews offer practical considerations for firms seeking to strengthen audit quality.

- **Embedding Quality Management in Practice**
Firms are encouraged to ensure that the transition from traditional quality-control policies to systems of quality management is evident in their day-to-day operations and decision-making.
- **Understanding and Addressing Root Causes**
Root-cause analysis is most effective when it looks beyond the immediate finding and identifies the behavioural, capacity, methodology or governance factors that allowed the matter to arise. Remedial actions can then address those underlying factors and be subsequently assessed to determine whether they have achieved the intended outcomes.

- **Strengthening Review and Leadership Oversight**

The reviews highlighted the value of timely, objective and complete engagement quality reviews. Monitoring results should also inform leadership decisions concerning resources, client acceptance, consultation and partner accountability.

- **Supporting an Effective Review Process**

A satisfactory review outcome is supported not only by the quality demonstrated in the audit files selected for review, but also by timely renewal, transparent engagement with the Quality Assurance Department and the provision of complete and reliable information.

Taken together, these practices can help firms embed quality management within their operations and sustain it over time.

Strengthening QAB and QAD's Own Capabilities

The Board recognizes that the expectations placed on audit firms must be matched by a continuing commitment to strengthen the quality assurance programme. During the year, QAB and QAD focused on addressing ageing reviews, improving pipeline monitoring and supporting timely review completion, while maintaining technical rigour and due process. Retaining QAD's core professional team also preserved continuity and valuable institutional knowledge.

As firms increasingly adopt technology-enabled audit methodologies, QAD must evolve alongside the profession it reviews. The Board is therefore strengthening QAD's capabilities through greater automation, improved regulatory and UDIN reconciliation, and management dashboards for earlier identification of delays, capacity constraints and emerging risks. Technology will support stronger audit trails and evidence-based decisions while remaining an enabler of, not a substitute for, professional judgment.

Regulatory Liaison and Alignment

Effective coordination with ICAP, the Audit Oversight Board (AOB), the Securities and Exchange Commission of Pakistan (SECP) and other stakeholders remains essential to advancing audit quality. Our collaboration with the AOB remained strong and constructive throughout the year, supporting alignment with regulatory priorities within our respective mandates and reinforcing our shared commitment to audit quality in the public interest. Continued liaison will remain important as the profession responds to evolving standards, emerging risks and the increasing use of technology in audit.

International Collaboration and Learning

Engagement with peer institutions, including the UK Financial Reporting Council, the Saudi Organization for Chartered and Professional Accountants and CA Maldives, has provided valuable exposure to established regulatory practices and emerging areas of focus. These insights support the continued refinement of our review methodology in a manner appropriate to Pakistan's legal and professional environment.

The Board remains committed to relationships that translate into meaningful improvements in review practice. Knowledge-sharing, joint training and, where feasible, secondments and observation of peer inspections can strengthen reviewer capabilities, broaden professional experience and support the development of QAD's specialist team.

Looking Ahead

I extend my appreciation to the members of QAB, the Council and management of ICAP, our QAD colleagues and the firms that engaged constructively with the review process during the year.

Looking ahead, we expect continued improvement across both audit practice and the quality assurance process. Firms must continue to invest in capable people, devote sufficient time to engagements, challenge weak or inconsistent evidence, consult early on complex matters and assess whether remedial actions are achieving their intended outcomes. Equally, QAB and QAD must continue to strengthen review methodologies, enhance reviewer capabilities and respond effectively to emerging risks, evolving standards and technological change.

Durable audit quality depends on openness to learning, a willingness to improve and a shared commitment to the public interest. Through sustained effort on both sides, the profession can continue to strengthen the confidence placed in it.

Kauser Safdar, FCA

Chairperson, Quality Assurance Board