



The Institute of  
Chartered Accountants  
of Pakistan

CA  
PAKISTAN



# Practicing Requirements Booklet

PREPARED BY  
MEMBERSHIP DEPARTMENT



## Foreword

I am pleased to share the first volume of the **Practicing Requirements Booklet**.

The Practicing Requirements Booklet provides guidance to intending practitioners and practicing members, in respect of various requirements applicable to them under existing CA laws. The booklet intends to help them manage risk of non-compliances of various regulatory requirements under the CA Ordinance, bye laws and directives of the Council which are summarized in this booklet. Also facilitate the member in practice related matters by improving awareness of the practicing members within the framework of existing CA laws.

The guidance has been prepared by the Membership Department which includes overview of key practice requirements in the form of Dos and Don'ts for the members.

This first volume provides all the information pertaining to the necessary guidance from ICAP whereas the second volume will provide the perspective on practice development and Client Engagement.

The Booklet also includes Frequently Asked Questions for the ease of members. In case of any queries members may email at [membership@icap.org.pk](mailto:membership@icap.org.pk)

The booklet does not intend to provide exhaustive guidance on all related matters and reference should be made to the text of relevant provisions in each instance.

I hope that the members will find the Booklet immensely useful.

I thank the members of the Membership Affairs Committee and staff of Membership Department of the ICAP for their efforts in putting together this booklet.

**Jafar Husain, FCA**

Chairman, Membership Affairs Committee

November 09, 2020

## Disclaimer

Practice Requirements Booklet contains information including references to laws, practices, flowcharts, and frequently asked questions (FAQs), which is meant to serve merely as guidance and is intended to be helpful. Such information is not intended to be exhaustive hence, may not be considered substitution of provisions of CA Ordinance 1961, CA Bye-laws 1983 and Directives issued by the Council or the ICAP from time to time and reference should be made to the text of relevant provisions in each instance. Information contained in the booklet does not address any particular issue, circumstance, or concern and is not intended to constitute legal advice consequently have no legal merit. All liability with respect to actions taken or not taken based on the information contained in the booklet are hereby expressly disclaimed. The information contained in the booklet is subject to change and may be updated from time to time without notice.

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# DOs

## 1 Applying for Certificate of Practice

A member may opt to practice as a chartered accountant or management consultant. A member obtaining Certificate of Practice (CoP) shall adopt the practice as main occupation in accordance with provisions of Bye-Law 8 and can only undertake such activities as provided in Bye Law 135 and Directive 4.22.

Members applying for CoP, are required to submit [Form E](#) i.e. Application for the issue of CoP, enclosing therewith Job Release Letter; and in case of partnership [Form C](#) i.e. Particulars of Firms of Chartered Accountants and Partnership Deed (revised Partnership Deed in case of admission of a new partner).

### **Bye Law 8 of CA Bye Laws, 1983**

A member may apply to the Council for a certificate to practice entitling him to practice as a chartered accountant or management consultant and the Council shall grant to him such a certificate on his establishing to its satisfaction in such manner as it may require that he has complied with the requirements as stipulated in bye law 109 and any other directive of the Council and that he will be in practice as a chartered accountant or management consultant as his main occupation.

### **Bye Law 135 of CA Bye Laws, 1983**

Other functions of chartered accountants in practice.- Without prejudice to the discretion vested in the Council in this behalf, a chartered accountant in practice may act as a liquidator, trustee, executor, administrator, arbitrator, receiver, advisor or a representative for costing, financial, company law and taxation matters or may take up an appointment that may be made by Federal Government or Provincial Government and Courts of law or any other Authority established under any law, or may act as Secretary in his professional capacity not being a whole-time salaried employee.

### ENGAGEMENT OF CHARTERED ACCOUNTANTS IN PRACTICE IN OTHER OCCUPATIONS

#### Directive 4.22

The Council of the Institute has approved this Directive in exercise of the powers conferred on it by Section 27 (2)(kk) of the Chartered Accountants Ordinance, 1961 read with Bye-Law 129A of the Chartered Accountants Bye Laws, 1983. This Directive is to be read in conjunction with the Bye Law 8 of the Chartered Accountants Bye-Laws, 1983 and Directive 4.09 of the Institute.

A chartered accountant in practice may engage in the following occupations without obtaining the prior approval of the Council: ▢

- (a) Employment under chartered accountants in practice or firms of such chartered accountants.
- (b) Private tutorship.
- (c) Attending classes and appearing for any examination, either academic or accountancy or any examination relating to the other professions and obtaining membership of such bodies/associations.
- (d) Authorship of books
- (e) Appearing before any Court of Law for representing clients etc., in respect of the "other functions" as stated in the Bye-Laws of the Institute, if so eligible.
- (f) Proprietorship, partnership or directorship of educational and training institutions extending professional or business education and training.
- (g) Part-time lecturer-ship in Universities or other institutions including those relating to or accredited by the Institute or those run under the auspices of the Institute or the Regional Committees.
- (h) Acting as examiner/ paper-setter for educational and professional institutions and to be a member of Universities/Colleges, Committees, Board etc.
- (i) Honorary editorship of professional journals.
- (j) Holding membership/ office in any charitable, religious, social or educational organization without remuneration.
- (k) Engaging in research and report writing and assisting national and international organizations in the preparation of their research reports.
- (l) Accepting directorship of any company as non-executive director.
- (m) Holding public elected offices such as Member Provincial Assembly, Member National Assembly, Senator etc.; or offices such as Special Assistant or Advisor to a Minister or Prime Minister etc.

It should be noted that the engagement of a chartered accountant in practice in the above occupations shall not be deemed to be in contravention of the Bye Law 8 of the Chartered Accountants Bye Laws and shall also not result in professional misconduct as per Clause (10) of Part 1 of Schedule I of the Chartered Accountants Ordinance, 1961, with reference to the requirement of being in main occupation.

This Directive is being issued on transitional basis and the Council of the Institute is considering appropriate provisions to address the issue of main occupation on permanent basis.

**Bye Law 109 of CA Bye Laws, 1983**

**Conditions to become a member of the Institute. -**

(1) A person shall not be eligible for enrolment on the Register unless. -

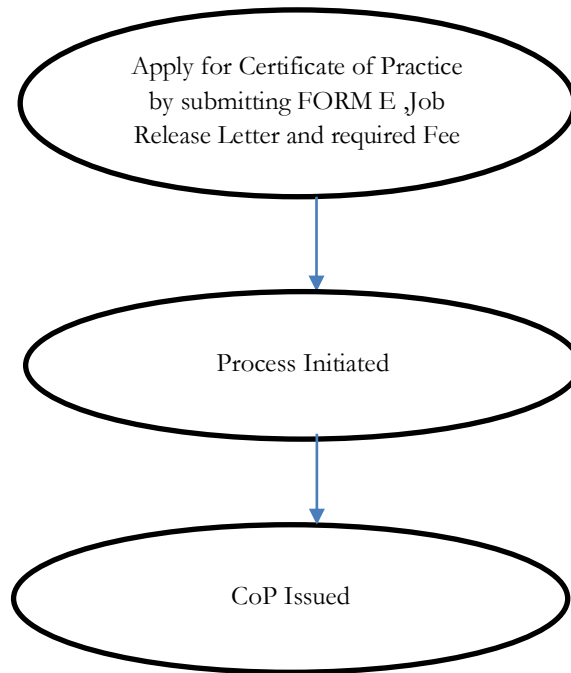
(i) he has passed all the prescribed examinations of the Institute or **has been granted exemption from such examinations under these byelaws** .....

Provided that if such member desires to start practice as a Chartered Accountant or Management Consultant, he shall pass the papers of Advanced Taxation and Corporate Laws:

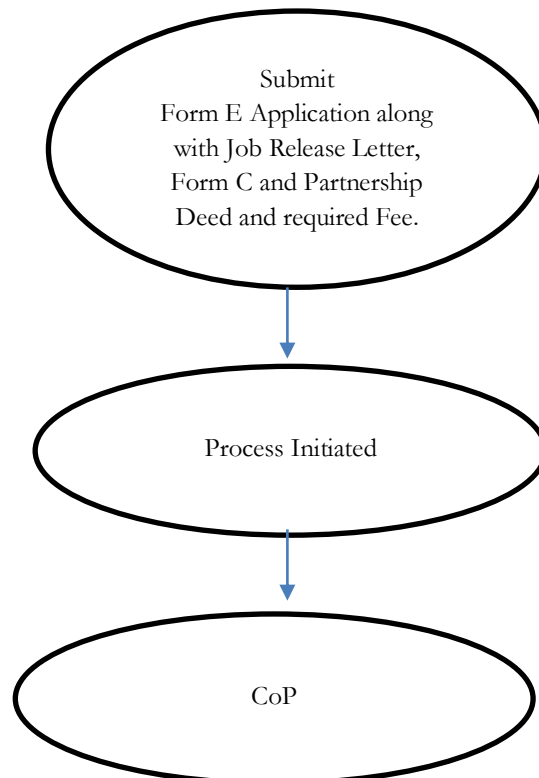
Provided further that the condition in the above proviso shall not apply to a person who has either started or completed article ship or training contract outside Pakistan before these bye-laws came into force:

## How to Apply for Certificate of Practice

### Starting Practice as Sole Proprietor



### Starting a Practice as a Partner



## 2 Styling of firms

Trade names of practicing members shall be based on the names of members establishing such practice in case of sole proprietorship or on names of partners for a partnership firm excluding cases of succession. In case of partnership, a firm may adopt abbreviations of the first names, the last names or the full names of the partners.

It is permissible for a Local firm to include the name of a Foreign Firm in their name and allowed to practice in Pakistan subject to fulfillment of conditions specified in Directive 4.06 in this regard.

### **Firms with identical names**

Firms are not allowed to register with a name identical to a firm already in existence or resemble a brand name or initials thereof to avoid potential deceiving or misrepresentation. Inanimate or abstract names partaking of the designatory character of services to be rendered should not be allowed in order to avoid disguised attempts at publicity.

### **Person named on firm's letterhead described by a designatory letters to which he is not entitled**

No person named on the letterhead of a firm should be described by a title, description or designatory letters to which such person is not entitled (**Directive 4.21**).

## 3 Standardization of letterheads of audit firms

Printed letterhead should be used for official correspondence intended to be sent through traditional mail. The firms should use same letterhead formats at all of their offices.

The name of the firm printed on the letterhead should be the same as that appearing in the Institute's records. Firms should ensure that only the name(s) of the partners or that of the sole proprietor should appear on the letterheads.

A letterhead should also include the address and telephone numbers of the firm's principal place of business. Firms are only allowed to use one logo on all its letterheads and other stationery (Refer Directive 4.21).

## 4 Change in partnership

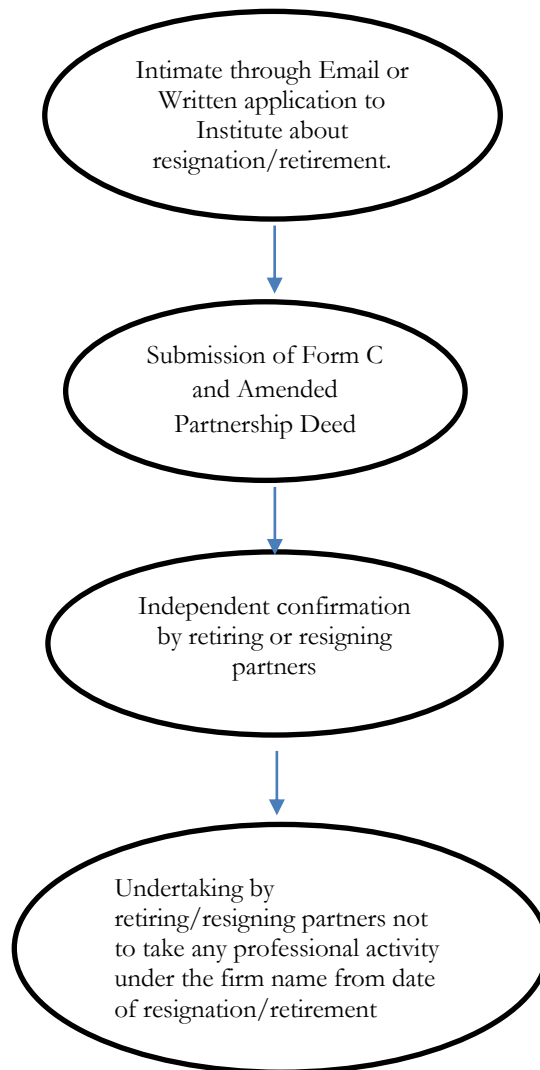
Any change in constitution of a firm e.g: induction, resignation, retirement of partner etc., should be intimated to ICAP **within one month through a fresh form "C" signed by all partners of the firm (including incoming partners but excluding sleeping partners subject to requirements of (Refer Directive 4.08) along with revised Partnership Deed signed by all partners of the firm. (Refer Directive 4.03 and Directive 4.12).**

Here, it should be noted that as per practice independent confirmation is also sought by the Institute from all incoming and outgoing partners.

Members should notify any change in their address to the Institute within one month under all circumstances.



## Resignation/Retirement from Partnership



## Retirement

For members who are retiring from a partnership, following options are available:

- Cease practice after retirement – please see [Cessation of Practice](#)
- Become a sole proprietor – please see [Starting Practice as Sole Proprietor](#)
- Join another partnership – please see [Starting a Practice as a Partner](#)

## 5 Attending office at registered address

Practicing members are required to intimate their principal place of business (registered address) to the Institute. It is required that practicing members regularly attend the office at the registered address notified in the Institute's records to discharge their professional responsibilities. Absence from office is permissible subject to fulfilment of conditions given in **Directive 4.17**.

### **Bye Law 2 (1) (I) of CA Bye Laws 1983**

(i) "registered address" means, in the case of a member in practice his principal place of business, and in the case of a member not in practice, the address last notified by him to Institute as his address for communication;

### **Bye Law 7 of CA Bye Laws 1983**

**7 Particulars to be supplied by members.** - Every member shall inform the Secretary of any change in his registered address, or place or places of business or employment and shall also supply the Council with any other information relating to his practice or employment which the Council may reasonably require for carrying out the provisions of the Ordinance or these bye-laws.

## 6 Maintenance of branch offices

A chartered accountant in practice can establish branch offices subject to fulfilment of condition in respect of each one of such offices being in separate charge of a member of the Institute ([refer Directive 4.02](#)) as required under Section 26 of CA Ordinance, and shall send to the Council a list of offices and the persons in charge.

A member in charge of a branch office or and office should reside physically and permanently at the place of such branch office or offices.

### **Section 26 of CA Ordinance, 1961**

**26. Maintenance of branch offices.** - (1) Where a Chartered Accountant in practice or a firm of such chartered accountants has more than one office each one of such offices shall be in the separate charge of a member of the Institute [who ordinarily resides in the area served by such office;]

Provided that the Council may in suitable cases exempt any Chartered Accountant in practice or a firm of such Chartered Accountants from the operation of this sub-section.

(2) Every Chartered Accountant in practice or a firm of such Chartered Accountants maintaining more than one office shall send to the Council a list of offices and the persons in charge thereof and shall keep the Council informed of any change in relation thereto.

### **Branch office without a separate member in charge**

Branch offices of the firms should not be without a separate member in charge (**Refer Directive 4.02**).

### **Another firm under a different name by the same partners of a firm**

It is not permitted to constitute another firm under a different name by the same partners of a firm of chartered accountants. Arrangement by a member with another member for looking after his branch office should not be allowed. Such an arrangement, if it has to take place, should be only through a regular partnership deed (under the Partnership Act), a copy of which will be filed with the Institute. Any other arrangement will not be accepted. (**Refer Directive 4.01**)

## 7 Requirement in respect of engagement and formation of Companies for Management Consultancy Business

### Engagement in Management Consultancy Business

A CA can practice either as a chartered accountant (as a sole proprietor or through a partnership firm) (in that case he would be allowed to undertake management consultancy as well) or only as a Management consultant, as a sole proprietor or through a partnership firm or a limited liability company. In case of engagement in Management consultancy business requirements laid down in **Directive 5.01** should be complied with including requirement to obtain certificate of practice for engagement in management consultancy business.

A management consultancy can be associated with non-members if the arrangement is that of a company. In such an arrangement, an undertaking is required that non-members would also comply with the bye-laws and observe the code of professional ethics as is required by CAs in general and practicing CAs in particular.

### Formation of Companies for Management Consultancy

Council's permission is required for formation of companies for management consultancy. Moreover, for formation of companies for management consultancy requirements of **Directive 5.02** should be complied with.

It is permissible to use foreign names for Management Consultancy Company subject to fulfilment of conditions given in **Directive 5.03**.

## 8 Conduct of non-statutory audits / assignments

Practicing members should follow and strictly comply with all the provisions of the applicable standards and the relevant framework while performing professional services for their clients which are outside the scope of statutory audits. Furthermore, the terms of the engagement including the nature of the assignment, its key deliverables and the framework which will be followed should be documented in the form of an Engagement Letter which is duly agreed by the client (**Refer Directive 4.20**).

## 9 Quality Control Review

QCR Program is a key part of the Institute's regulatory framework, established to develop and maintain compliance of professional standards amongst the firms engaged in the audit of limited companies particularly listed entities, as the Code of Corporate Governance requires that a satisfactory QCR rating is mandatory for CA firms to conduct audit of listed and economically significant companies. The primary objective of the QCR process continues to be monitoring the compliance by audit firms with appropriate levels of professional standards in the performance of the audit function. The secondary objective is to provide guidance to practitioners to assist them to improve their standards.

Firms/sole proprietorships of practicing Chartered Accountants should furnish to the Institute a complete list of their audit clients as of 30th June (within 3 months) each year, and as and when required, to enable the Professional Standards Compliance Department to carry out its Quality Control Review (QCR) programme. (**Refer Directive 4.13 and Directive 4.15**)

## 10 CPD Compliance

Every member is required to:

- a. complete at least 120 hours or equivalent learning units of relevant professional development activity in each rolling three-year period, of which 60 hours or equivalent learning units should be verifiable;
- b. complete at least 20 hours or equivalent learning units in each year; and
- c. track and measure learning activities to meet the above requirements.

For details refer to the [Directive 8.01](#)

## 11 Anti – Money Laundering and Combating of Financing Terrorism Regulations for Chartered Accountants Reporting Firms (ICAP AML / CFT Regulations) issued by ICAP

The Institute has been designated as an AML / CFT Regulatory Authority under the Anti Money Laundering Act, 2010 thereby requiring the Institute to issue Regulations for its members in order to comply with Anti Money Laundering & Combating Financing of Terrorism (AML / CFT) Requirements. The ICAP AML / CFT Regulations are binding on all Practicing members who are providing services, as specified in the Anti Money Laundering Act, 2010, to their clients.

## 12 Audit Practice Review & Support Program' (APRS Program)

The Council of the Institute introduced APRS Program for conducting firm and engagement review of non-Quality Control Review (QCR) rated firms engaged in audits, assurance or related services in line with the international best practices and to support to such member's efforts in raising the standard of professional services.

For details refer **Directive 4.25**.

## 13 Compliance with Code of Ethics

The Institute sets the standards of professional ethics and professional behavior for Chartered Accountants. These ethical standards set out the professional responsibilities and duties owed by Chartered Accountants to their clients, employers, the authorities and the public at large. Members are expected to adhere to the ethical requirements of the Code of Ethics and exhibit the highest standards of ethics and professional conduct that are expected of our profession. Refer [Directive 6.04](#) for details.

## 14 Registration with Audit Oversight Board

The Listed Companies (Code of Corporate Governance) Regulations 2017 require every company to appoint as external auditors, a firm which has been given a satisfactory rating under Quality Control Review Program of ICAP and is registered with Audit Oversight Board (AOB) established under Securities and Exchange Commission of Pakistan (SECP) Act, 1997.

An audit firm shall be entitled to be registered with AOB on the recommendation of Quality Assurance Board in accordance with the quality control review framework issued by ICAP.

## 15 Retention of working papers by CA firms

The retention period for audit engagements of Chartered Accountants firms should not be less than six years from the date of signing of the auditor's report or, if later, the date of the group auditor's report.

The auditor should not delete or discard audit documentation which forms the basis of forming an opinion on the financial statements before the end of its retention period.

In case any proceedings of misconduct or other legal proceedings are in process against the auditor the relevant records shall be maintained and retained till the completion of such proceedings or the above mentioned period of six years whichever is later (**Refer Directive 4.19**).

## 16 Prerequisites for authorization as Training Organizations

A firm shall be authorized as a TO if it fulfills the following criteria:

(i) It has the following minimum number of audits to gain corresponding entitlement to train Trainee Students.

	Initial entitlement of 5 Trainee Students per sole proprietor/partner and member employee	Full entitlement as per bye-laws Minimum audits
Minimum audits	10	25
Including audit of limited companies	5	15
Minimum paid up capital of limited companies being audited (aggregate)	Not applicable	Rs.15 million

(ii) It has nominated a CPD compliant Member, being sole proprietor/partner/full time employee, as Member Responsible for Student affairs (MRS);

(iii) For full entitlement, it has nominated MRS who has minimum three years post qualification experience; and

(iv) Any other condition specified by the Council from time to time.

## 17 Member Responsible for Student Affairs (MRS)

- 1) Training Organization (TO) shall nominate in each office one MRS who shall be the focal person in the office of the TO and shall assume the responsibility of:
  - (i) signing training contract and timely submission thereof to the Institute;
  - (ii) intimating nomination of Technical Supervisors and Mentors to the Institute;
  - (iii) intimating allocation of Trainee Students among the Technical Supervisors and Mentors, to the Institute;
  - (iv) maintenance of training records specified in these regulations and as may be specified by the Institute from time to time;
  - (v) coordinating with the Technical Supervisors, Mentors, Students, Trainee Students and the Institute; and
  - (vi) ensuring compliance with these regulations.
- 2) In case a TO has other office where an employee is working as member in charge, the TO shall appoint sole proprietor/any partner as MRS of the said office. Except for signing training contract, the nominated MRS may delegate all the assignments to the member in charge of the said office.

Refer [Directive 1.03](#) for details.

## 18 Network amongst the firms / practices registered with the Institute

- Networks registered with the Institute are required to comply with all applicable ethical requirements prescribed by the Institute.
  - Clause (xli) of the Code of Corporate Governance (year) relating to rotation of firm would be equally applicable on network.
  - The network firm shall obtain consent of the client to engage other network firms in discharging the professional assignments.
  - Proprietary/partnership firms are allowed to join only one Formal network.
  - To streamline the networking, a network shall formulate operational byelaws.
- (Refer Directive 4.18)**

## 19 Practice in more than one Firm

A member having a sole proprietary concern can enter into one more partnership. A member who does not have a sole proprietary concern can enter into partnership in two firms (**Refer Directive 4.01**).

In all such cases, additional practice fee will be applicable.

### **Member's association with more than 2 firms or with 2 sole proprietary concerns at a time**

Association of a member cannot exceed two firms and cannot have two sole proprietary concern at a time.

(Refer Directive 4.01)

## 20 Removal of name of practicing member due to misconduct from the register

Where the name of a member of the Institute is removed from the Register due to misconduct, every certificate of membership or practice held by such member shall be returned by the member to the Secretary of the Institute.

### **Section 19 CA Ordinance, 1961**

19. **Removal from the Register.** - (1) The Council may remove from the Register the name of any member of the Institute-

(e) against whom an order has been passed under this Ordinance removing him from the membership of the Institute.

### **Section 20J CA Ordinance, 1961**

20J. **Return of certificate.** - (1) Where the name of a member of the Institute is removed from the Register, whether for a specified period or permanently, every certificate of membership or practice held by such member shall be deemed to be cancelled from the date of the order removing his name from the Register and shall stand so cancelled for the said period or, as the case may be, permanently.

## 21 Renewal of Certificate of Practice

A practicing CA shall pay the prescribed annual fee for the renewal of practice certificate. This fee becomes due on the first day of July each year. All members are required to pay their annual fee latest by the last day of August every year as per the Directive 3.03 or such other date as maybe prescribed by Council. The non-payment of the annual fee will result in removal from the membership of the Institute on September 01 every year and such individuals will not be eligible to practice. A member whose name is removed from the register of members, will be required to return the Certificate of Practice. (**Refer Directive 3.03**).

Members may also be required to fulfil such conditions as may be prescribed by the Council from time to time for renewal of Certificate of Practice.

### **Section 6 (2) CA Ordinance, 1961 (Certificate of practice)**

(2) Every such member shall pay such annual fee for his certificate as may be prescribed, and such fee shall be due on the first day of July in each year.

### **Bye Law 8 (2) & (3) of CA Bye Laws, 1983**

(2) The certificate shall be issued in the form prescribed by the Council and shall be valid until the thirtieth day of June next following.

(3) The validity of the certificate shall, on payment of the annual fees, and on fulfillment of the directives of the Council be extended from time to time by a renewal certificate to be issued by the Secretary in the form prescribed by the Council.

### **Bye Law 10 (1)&(2) of CA Bye Laws, 1983**

10. **Fees.-**

- (1) Every member shall pay to the Institute such fee, as applicable to him, within such time and in such manner, as prescribed by the Council from time to time.
- (2) All annual fees shall be payable by the first day of July each year.

## 22 Cessation of practice

### **Bye Law 8 (4) of CA Bye Laws, 1983**

- (4) A member in practice, on ceasing to be in practice, shall-
- (i) inform the Council immediately of the fact of his having done so, but in any case not later than one month from the date he ceases to practice; and
  - (ii) return the certificate of practice to the Secretary.

As per practice of the Institute, if a member has lost / misplaced his original Certificate of Practice (CoP), he is required to file a duly notarized affidavit stating that his CoP is lost (format could be obtained by contacting membership department of the Institute).

# DONT's

## 1 Professional Misconduct

A Chartered Accountant in practice shall be deemed to be guilty of professional Misconduct under Part I of Schedule I of CA Ordinance, 1961.

### **Part I of Schedule I of CA Ordinance, 1961.**

#### ***Professional misconduct in relation to chartered accountants in practice***

A Chartered Accountant in practice shall be deemed to be guilty of professional misconduct, if he-

- (1) allows any person to practice in his name as a chartered accountant, unless such person is also a chartered accountant in practice and is in partnership with, or employed by, him;
- (2) pays or allows or agrees to pay or allow, directly or indirectly, any share, commission or brokerage or the fees or profits of his professional business to any person other than a member of the Institute or a partner or a retired partner or the legal representative of a deceased partner.

*Explanation:* - In this clause, "partner" includes a person residing outside Pakistan with whom a Chartered Accountant in practice has entered into partnership which is not in contravention of clause (4) of this part;

- (3) accepts or agrees to accept any part of the profits of the professional work of a lawyer, auctioneer, broker, or other agent who is not a member of the Institute.
- (4) Places his professional service at the disposal of, or enters into partnership with, an unqualified person in a position to obtain business of the nature in which chartered accountants engage by means which are not open to a member of the Institute:

Provided that this paragraph shall not be construed as prohibiting a member from practicing in a country outside Pakistan in association with a person who is entitled under the laws in force in that country to perform functions similar to those of a member of the Institute is entitled to perform in Pakistan.

- (5) Solicits clients for professional work either directly or indirectly by circular, advertisement, personal communication or interview or by any other means;
- (6) Advertises his professional attainments or services, or uses any designation or expression other than chartered accountant on professional documents. Visiting cards, letter head or sign boards, unless it be a degree of a University established by law in Pakistan or recognized by the Federal Government or the Council;
- (7) Accepts a position as auditor previously held by another member of the Institute without first communicating with him in writing;
- (8) accepts appointments as auditor of a company without first ascertaining from it whether the requirements of sub-section (6) of section 144 of the Companies Act, 1913 (VII of 1913), in respect of such appointment have been duly complied with;
- (9) charges or offers to charge, accepts or offers to accept in respect of any professional employment fees which are based on a percentage of profits or which are contingent upon the findings or results of such employment except in cases which are permitted under any law for the time being in force or by an order of the Government;
- (10) Engages in any business or occupation other than the profession of Chartered Accountants unless permitted by the Council so to engage;

Provided that nothing contained herein shall disentitle a Chartered Accountant from being a director of a company unless he or any of his partners is interested in such company as an auditor;



- (11) accepts a position as auditor previously held by some other Chartered Accountant in such conditions as to constitute undercutting;
- (12) allows a person not being a member of the Institute or a member not being his partner to sign on his behalf or on behalf of his firm; any balance sheet, profit and loss account, report or financial statement; or
- (13) gives estimates of future profits for publication in a prospectus or otherwise or certifies for publication the statements of average profits over a period of two years or more without, at the same time, stating the profits or losses for each year separately.

***Professional misconduct in relation to members engaged in management consultancy***

A member of Institute engaged in management consultancy shall be deemed to be guilty of professional misconduct, if he-

- (1) advertises or solicits for work or issues any circular, calendar or publicity material;
- (2) issues brochures, except to existing clients or in response to an unsolicited request;
- (3) uses designatory letters indicating qualifications of the directors and members of the company on letter head, note-papers, or professional cards excepts as provided in clause (6) of Part 1 of this Schedule;
- (4) refers to associate firms of Chartered Accountants on his letter head or professional cards or announcements;
- (5) adopts a name or associates himself as a partner or director of a firm or a company whose name is indicative of its activities;
- (6) uses the term chartered accountants for his management consultancy firm or company;
- (7) shares profits of remuneration in a manner contrary to clauses (2) and (3) of Part 1 of this Schedule, except when he associates with non- members as stated in clause (10) of this part;
- (8) or his partner in any firm accepts auditing, taxation, or other conventional accounting work from any client introduced to him for management consultancy services by the client's own professional accountant;
- (9) uses the term "Management Consultant(s)" except in respect of a company engaged in management consultancy field;
- (10) associates with non-members for the rendering of various management services except as long as such non-member observes the bye-laws and code of professional ethics of the Institute;
- (11) does not communicate with the existing professional accountant or consultant, if a member of the Institute, informing him of the special work he has been asked to undertake in the event of an introduction for management consultancy work other than through the existing professional accountant; or
- (12) Under the guise or through the medium of a company or firm does anything which he is not allowed to do as an individual.

**PART 3 Professional misconduct in relation to members of the Institute in service**

A member of the Institute (other than a member in practice) shall be deemed to be guilty of professional misconduct, if he, being an employee of any company, firm or person:

- 1) pays or allows or agrees to pay directly or indirectly to any person any share in the emoluments the employment undertaken by the member;
- 2) accepts or agrees to accept any part of fees, profits or gains from a lawyer, chartered accountant or broker engaged by such company, firm or person or agent or customer of such company, firm or person by way of commission or gratification; or
- 3) discloses confidential information acquired in the course of his employment except as and when required by law or except as permitted by the employer;

**PART 4 Professional misconduct in relation to members of the Institute generally**

A member of the institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he-

- (1) includes in any statement, return or form to be submitted to the Institute any particulars knowing them to be false;
- (2) not being a fellow styles himself as a fellow;
- (3) does not supply the information called for by the Institute or does not comply with the requirements asked to be complied with or does not comply with any of the directives issued or pronouncements made by the Council or any of its Standing Committees;
- (4) generally, willfully maligns the Institute, the Council or its Committee to lower their prestige, or to interfere with performance of their duties in relation to himself or others;
- (5) has been guilty of any act or default discreditable to a member of the Institute; or
- (6) contravenes any of the provisions of the Ordinance or the bye-laws made there under.

**Investigation and Disciplinary Process**

The Chartered Accountants Ordinance, 1961 specifies the process of investigation and disciplinary activities of the Institute. The investigation process is initiated when a complaint is received by the Secretary from any member or an aggrieved person, or if any facts come to the knowledge of the Secretary of the Institute. Then the Secretary is required to place the complaint or the facts, if the latter suggest that a prima facie case of professional misconduct as specified in **Schedules I, II & III of the Chartered Accountants Ordinance, 1961**, arises against a member or a student of the Institute, before the Investigation Committee.

**2 Use of designation “Auditors” by practicing firms**

The members should not use the term “auditors” as their designation on letter head forms etc and should only use “Chartered Accountant(s)” **(Refer Directive 4.07)**.

**3 Practicing as a CA in the form of limited liability company**

No company, limiting the liability of its members, whether incorporated in Pakistan or elsewhere shall practice as Chartered Accountants. However, members of the Institute shall be permitted to form into a limited company solely for practicing as ‘Management Consultants’.

**Section 23 of CA Ordinance, 1961**

**23. Companies not to engage in accountancy.** - (1) No company, limiting the liability of its members, whether incorporated in Pakistan or elsewhere shall practice as Chartered Accountants:

Provided that the members of the Institute shall be permitted to form into a limited company solely for practicing as ‘Management Consultants’.

(2) If any company contravenes the provisions of sub-section (1) then, without prejudice to any other proceedings which may be taken against the company, every director, manager, secretary and any other officer thereof, who is knowingly a party to such contravention, shall be punishable with fine which may extend on first conviction to one thousand rupees and on any subsequent conviction to five thousand rupees.

**4 Management consultant engaging in other functions normally undertaken by CAs in practice**

A member practicing only as a Management Consultant, should be entitled to practice only as Management Consultants and cannot engage in other functions which are normally undertaken by Chartered Accountants in practice.

**(Refer Directive 5.01)**

## 5 Practicing CA styling as “Management Consultants” or associating non-members otherwise than by forming Limited Liability Management Consultancy Company

The practicing Chartered Accountants who wish to practice as "management consultants" through a limited liability company can style themselves as "Management Consultants". However, the designation "Management Consultants" cannot be used by the practicing Chartered Accountants either individually or by sole proprietary concern or a partnership firm.

In case, a Chartered Accountant in practice wishes to associate non-members, he is required to form a company and to undertake that such non-members would observe the bye-laws and code of professional ethics of the Institute.

**(Refer Directive 5.01)**

## 6 Unqualified person not to sign documents

### Section 24 of CA Ordinance, 1961

24. **Unqualified persons not to sign documents.** - (1) No person other than a member of the Institute shall sign any document on behalf of a Chartered Accountant in practice or a firm of such Chartered Accountants in his or its professional capacity.

## 7 Penalties

### Section 21 of CA Ordinance, 1961

**Penalty for falsely claiming to be a member, etc.-** Any person who-

(ii) being a member of the Institute, but not having a certificate of practice, represents that he is in practice or practices as a chartered accountant, shall be punishable on first conviction with fine which may extend to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months or with fine which may extend to five thousand rupees, or with both.

## Frequently Asked Questions (Practice)

Q1. Who is eligible to get a practice certificate?

Ans. An active member of the Institute is eligible to become a practicing member (Bye Law 8).

Q2. How can a member practice under certificate of practice (CoP)?

Ans. Members can practice in two ways:

- (1) As a Sole Proprietor
- (2) As partner of a partnership firm.

Should not be associated with more than two firms.

Q3. How many days will it take to obtain a CoP?

Ans. Normally it takes 15-20 working days to get CoP.

Q4. Can a member undertake practice on part time basis?

Ans. As per Bye Law 8, practice will be his/ her main occupation and the individual will not undertake any other profession except mentioned in the Directive 4.22.

Q5. What documents are required to obtain a CoP?

Ans. The following documents are required for obtaining a CoP:

### **For Sole Proprietorship**

- Form "E" duly completed in all respects.
- Job Release Letter issued from previous employer as a confirmation that you are not employee anywhere.
- Practicing Fee  
ACA fee is Rs. 18,700 and FCA fee is Rs. 27,100.

### **For Partnership Firm**

In addition to the above, following documents are required for a partnership firm:

- Partnership Deed duly signed by all partners.
- Form "C" duly filled and signed.

Q6. How can a member select practice firm's name?

Ans. The Council Directive 4.06 provides guidance for selection of the practice firm's name.

Q7. Can a sole proprietor open branch offices in another city?

Ans. Yes, subject to the appointment of an office in-charge who should be an active member of the Institute and resides in that area. (Refer to the Section 26 of CA Ordinance, 1961 and Directive 4.02).

Q8. Can a person other than partner of the firm be office in-charge?

Ans. Yes, other than partner of the firm can be office in-charge provided he/she would be an active member of the Institute.

Q9. How many practices a member can undertake at a time?

Ans. As per the Directive 4.01, a practicing member cannot associate himself in more than two firms.

Q10. How can a member renew his/ her CoP?

Ans. As per Byelaw 8 (3) of CA Bye Laws, 1983, on payment of annual and practice fee, a renewed practice certificate will be issued.

Q11. What is the procedure for conversion of a partnership firm to a sole proprietorship or vice-versa?

Ans. A sole proprietor can convert into partnership firm by inducting a partner and sending required documents to the Institute. Similarly, a partnership firm may convert into a sole proprietorship having the consent of all partners of the firm. The Institute will be requiring all the documents.

Q12. Can a practicing member cease practice and close his/ her Sole Proprietorship?

Ans. If the practicing member decides to cease practice and close his sole proprietorship, he/ she needs to inform the Institute within a month and return the Original CoP for cessation of practice (Bye Law 8 (2) of CA Bye laws, 1983).

Q13. Can a practicing member leave his office for few months?

Ans. The Council Directive 4.17 deals with situations when a practicing member is permitted to be absent from his office.