

ANNUAL REPORT

INVESTIGATION COMMITTEE

JANUARY TO DECEMBER

2024

Table of Contents

	Page
Preamble	2
Introduction	3
Meetings and Composition of the Investigation Committee	5
Movement of cases	7
Summary of Indicators	8
Nature of Offences/Irregularities	10
Diagrammatic Flow of the Investigation Process	13

Preamble

This report provides an overview of the proceedings of the Investigation Committee (IC) of the Institute relating to cases of professional misconduct considered under the provisions of the Chartered Accountants Ordinance, 1961 (CAO) for the year ended December 31, 2024 and also includes information on cases handled at the Council level.

The following chapters explain the process of an investigation from an initiation of a complaint/fact to its conclusion along with a diagrammatic presentation of the process.

Among other matters, this report discusses the nature of irregularities which have been committed by the members. The list of aforesaid irregularities has been given to provide guidance to the members. However, reliance on that list would not absolve a member from compliance with all the requirements mandated under various statutes, rules, regulations, directives etc.

Introduction to the Investigation Process

The investigation process is initiated when (i) a complaint is received by the Secretary from any member or an aggrieved person, or (ii) 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 before the IC, 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.

The complaint along with relevant and necessary facts (including information and explanations provided by the Complainant and the Respondent) is laid before the IC. If the IC is of the opinion that such facts or complaint require investigation, it gives notice to the member or student whose conduct is in question for holding an inquiry. The member or student is given an opportunity of being heard, and after conclusion of the inquiry, the IC reports the results of the inquiry to the Council.

On receipt of the report by the Council, the Council also provides an opportunity to the concerned member/student of being heard, and if the Council is of the opinion that the member or student has been guilty of professional misconduct, it may

reprimand/warn, impose penalty, or remove the name of such member from the Register or refer the case of the member to the High Court with its recommendations or, in case of a student, reprimand/warn or suspend/debar the concerned student from training depending upon the nature of offences as mentioned in Schedules I, II or III of the Chartered Accountants Ordinance, 1961. Thereafter, the decision is communicated to the concerned persons including Complainant.

A member who is aggrieved by an order of the Council made against him has the right to file an appeal before the Honorable High Court against the order of the Council within a period of sixty days from the date of communication of the said order.

Meetings and Composition of the Investigation Committee

From January 27, 2024 to December 31, 2024

Sr. No	Name of the Members	Attendance (no. of meetings)	Tenure
1	Mr. Farrukh Rehman, FCA ¹ , President	0	Jan. 27, 2024 - Dec. 31, 2024
2	Mr. Zeeshan Ijaz, FCA ¹ , Vice President	5	Jan. 27, 2024 - Dec. 31, 2024
3	Mr. Ashfaq Yousuf Tola, FCA, Council member	5	Jan. 27, 2024 - Dec. 31, 2024
4	Mr. Mohammad Maqbool, FCA, Council member	6	Jan. 27, 2024 - Dec. 31, 2024
5	Mr. Arslan Khalid, FCA, Council member	2	Jan. 27, 2024 - Dec. 31, 2024
6	Mr. Muhammad Danish Noorani, FCA, Independent Member	4	Jan. 27, 2024 - Dec. 31, 2024
7	Mr. Nasimuddin Hyder, FCA ² , Independent Member	1	Jan. 27, 2024 - Jul. 30, 2024
8	Mr. Muhammad Awais, FCA, Council member	4	Jan. 27, 2024 - Dec. 31, 2024
9	Mr. Shah Naveed Saeed, FCA, Independent Member	5	Jan. 27, 2024 - Dec. 31, 2024
10	Mr. Shahab Sarki ³ , Advocate Member	0	Jan. 27, 2024 - Dec. 31, 2024
11	Mr. Shaikh Saqib Masood, FCA ⁴ , Independent Member	1	Dec. 23, 2024 - Dec. 31, 2024

¹ The President is the Chairman of the IC as per the Bye-Law 76 of the Chartered Accountants Bye-laws, 1983, however, as per tradition, the President usually does not attend the meetings of the IC. Accordingly, the meetings of the IC are chaired by the Vice President.

² Mr. Nasimuddin Hyder, FCA, resigned from the IC on July 30, 2024.

³ Mr. Shahab Sarki could not attend the meetings of the IC due to prior engagements and resigned in 2025.

⁴ Mr. Shaikh Saqib Masood, FCA was appointed as an independent member to the IC on December 23, 2024.

2024

The IC and Council are also supported by the services of a legal advisor.

Members of the IC, who are also members of the Council, do not participate in the Council's decision making of the cases where they were part of the approval of the reports of such cases in the IC.

Movement of Cases

From January 1, 2024 to December 31, 2024

Description	Investigation Committee	Council	Total
Cases at the beginning of the year	88	7	95
Cases received during the year	78	-	78
Cases referred to the Council	(19)	19	-
Cases dropped and not proceeded with	(18)	-	(18)
Cases decided by the Council	-	(5)	(5)
Cases under review at the end of the year	127	19	146
Cases put on hold due to litigation	2	2	4

Seven meetings of the IC were held during the year.

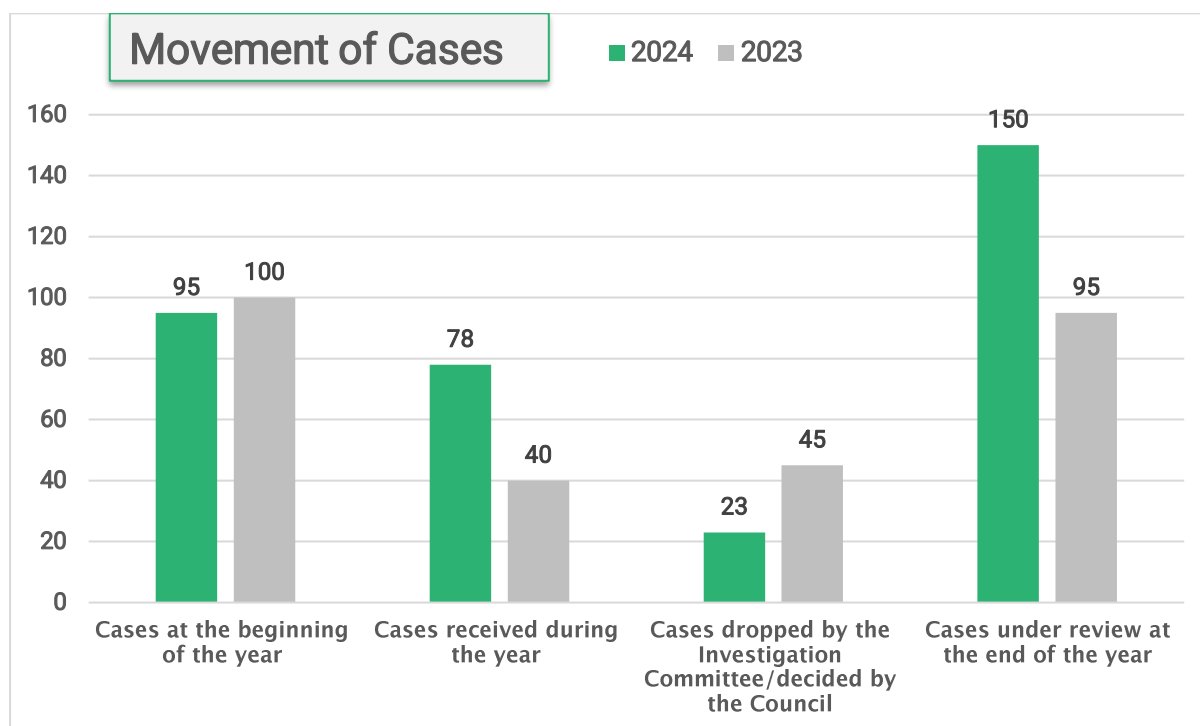
From January 1, 2023 to December 31, 2023

Description	Investigation Committee	Council	Total
Cases at the beginning of the year	76	24	100
Cases received during the year	40	-	40
Cases referred to the Council	(6)	6	-
Cases disposed of	(22)	-	(22)
Cases decided by the Council	-	(23)	(23)
Cases under review at the end of the year	86	6	92
Cases put on hold due to litigation	2	1	3

Six meetings of the IC were held during the year.

2024

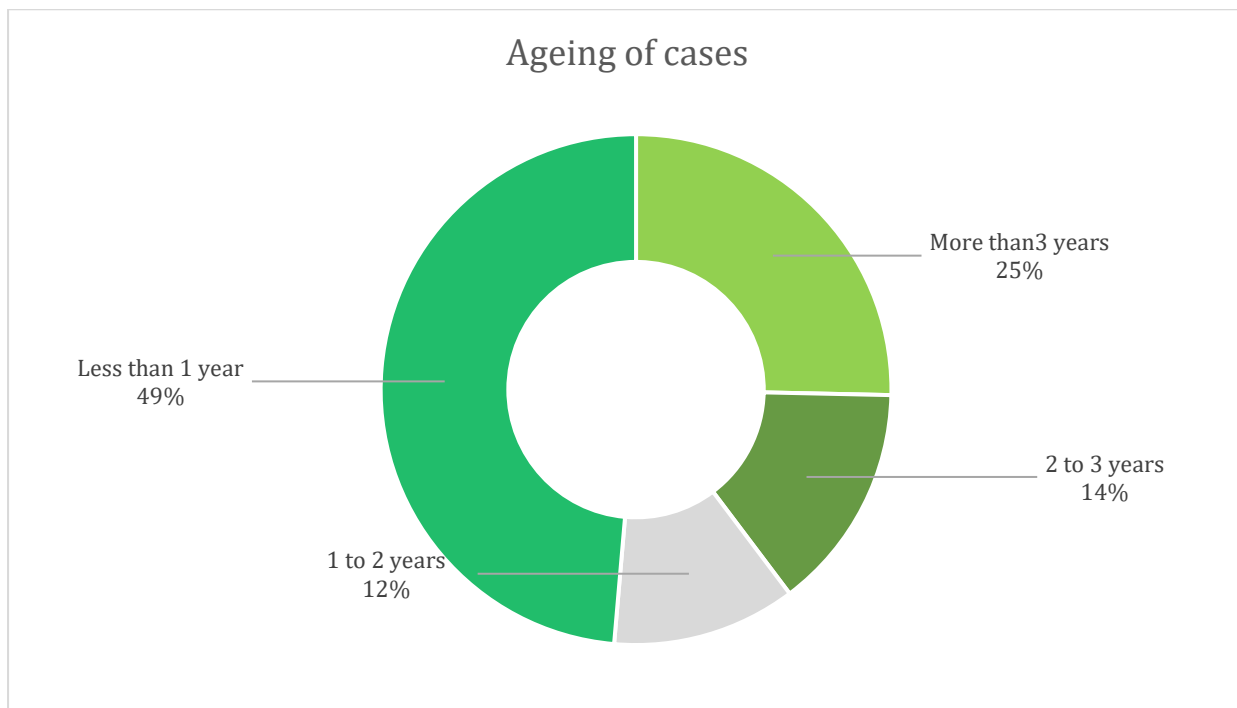
Summary of Indicators



Orders issued by Council

Nature	No. of cases 2024	No. of cases 2023
Member reprimanded with name	2	-
Member reprimanded without name	2	10
Student debarred from training	-	01
Cases where member was not held guilty	01	12
Total cases decided by the Council	05	23

2024



Description	<1 Year	1 to 2 Years	2 to 3 Years	>3 Years	Total
No. of cases)	71	17	21	37	146

Nature of Offences / Irregularities

During the course of the investigation, it has been noted that following nature of irregularities were committed by some practicing members and accordingly, a need was felt to apprise members about the same so that these instances can be avoided. Reliance on this list would not absolve a practicing member from compliance with all the requirements mandated under various statutes, rules, regulations, directives etc.

I. AUDIT OF LARGE SIZED COMPANIES WITHOUT HAVING SATISFACTORY QCR RATING

It was noted that some practicing members of the Institute issued audit reports on the financial statements of Large Sized Companies (LSCs), despite the fact that the firms did not have satisfactory Quality Control Review (QCR) rating under the QCR Program of the Institute.

II. ISSUANCE OF AUDIT REPORTS DESPITE CEASING TO BE A PARTNER OF FIRM

It was noted that a member issued audit reports on the financial statements of the companies in the name of the firm, However, as per the records of the Institute, the member had ceased to be a partner of the firm.

It was also noted that the managing partner of the firm allowed the aforesaid member to sign the audit reports in the name of the firm despite the fact that the member had ceased to be a partner.

III. FORGED RESULT CARD

It was noted that a student of the Institute entered into a training contract with a Training Organization inside Practice by submitting forged result card of Certificate in Accounting & Finance (CAF).

IV. CERTIFICATION OF FALSE INFORMATION

A member certified the “Application for Remittance of Royalty/Franchise and Technical Fees” (Appendix V-53) of the Foreign Exchange Manual for a Private Limited Company which entered into Trademark and Brand License Agreement with the foreign company. However, no agreement was registered with the Foreign Exchange and Operations Department (FEOD) of the State Bank of Pakistan (SBP) and the authorized dealer remitted the License fee, as against the requirements of the Foreign Exchange Manual.

V. INSUFFICIENT AUDIT EVIDENCE

A member failed to obtain sufficient appropriate audit evidence as per the requirements of the relevant ISAs regarding various account balances, classes of transactions and disclosures in the financial statements.

VI. INCOMPLETE AUDIT DOCUMENTATION

A member failed to maintain appropriate audit documentation as per the requirements of the relevant ISAs.

VIII. DISCLOSURE & OTHER DEFICIENCIES

While conducting the audit, the auditors failed to address the following irregularities in the audit reports:

- i. The organization paid the meeting allowance/fee to Government nominees on the forum charged with governance without obtaining prior approval from the relevant authority and the same was also not disclosed as a related party transaction in the financial statements.
- ii. The financial statements of the companies/organization were in non-compliance with the relevant requirements of Fifth Schedule to the Companies Ordinance, 1984/Companies Act, 2017 and IFRS/IAS.
- iii. Auditors failed to follow the applicable requirements of ISAs, Auditors (Reporting Obligations) Regulations, 2018 and Companies Act, 2017.

