

ANNUAL REPORT

INVESTIGATION COMMITTEE

JANUARY TO DECEMBER

2025

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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, 2025 and also includes information on cases handled at the Council level.

The report also explains 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 against a member or a student is received by the Institute from any member or an aggrieved person, or (ii) if any fact comes 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) 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.

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.

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 1, 2025 to January 27, 2025

S. No	Name of the Members	Attendance (no. of meetings)	Tenure
1	Mr. Farrukh Rehman, FCA ¹ , President	0	Jan. 1, 2025 - Jan. 27, 2025
2	Mr. Zeeshan Ijaz, FCA, Vice President	1	Jan. 1, 2025 - Jan. 27, 2025
3	Mr. Ashfaq Yousuf Tola, FCA, Council member	1	Jan. 1, 2025 - Jan. 27, 2025
4	Mr. Mohammad Maqbool, FCA, Council member	0	Jan. 1, 2025 - Jan. 27, 2025
5	Mr. Arslan Khalid, FCA, Council member	0	Jan. 1, 2025 - Jan. 27, 2025
6	Mr. Muhammad Danish Noorani, FCA, Independent Member	1	Jan. 1, 2025 - Jan. 27, 2025
7	Mr. Shaikh Saqib Masood, FCA, Independent Member	1	Jan. 1, 2025 - Jan. 27, 2025
8	Mr. Muhammad Awais, FCA, Council member	0	Jan. 1, 2025 - Jan. 27, 2025
9	Mr. Shah Naveed Saeed, FCA, Independent Member	1	Jan. 1, 2025 - Jan. 27, 2025
10	Mr. Shahab Sarki, Advocate Member	0	Jan. 1, 2025 - Jan. 27, 2025

From January 28, 2025 to December 31, 2025

S. No.	Name of the Members	Attendance (no. of meetings)	Tenure
1	Mr. Saifullah Khan, FCA ¹ , President	0	Jan. 28, 2025 - Dec. 31, 2025
2	Mr. Mr. Muhammad Awais, FCA ¹ , Vice President	5	Jan. 28, 2025 - Dec. 31, 2025
3	Mr. Khalid Rahman, FCA, Council member	4	Jan. 28, 2025 - Dec. 31, 2025
4	Mr. Mohammad Maqbool, FCA, Council member	5	Jan. 28, 2025 - Dec. 31, 2025
5	Mr. Arslan Khalid, FCA, Council member	1	Jan. 28, 2025 - Dec. 31, 2025
6	Mr. Muhammad Danish Noorani, FCA, Independent Member	3	Jan. 28, 2025 - Dec. 31, 2025
7	Mr. Shaikh Saqib Masood, FCA, Independent Member	5	Jan. 28, 2025 - Dec. 31, 2025
8	Mr. Asad Feroze, FCA, Council member	5	Jan. 28, 2025 - Dec. 31, 2025
9	Mr. Shah Naveed Saeed, FCA, Independent Member	5	Jan. 28, 2025 - Dec. 31, 2025
10	Mr. Shahab Sarki ² , Advocate Member	0	Jan. 28, 2025 - Feb. 17, 2025
11	Dr. Prof. Qamaruddin Bohra, Advocate Member ³	0	Oct. 07, 2025 - Dec. 31, 2025

¹The President is the Chairman of the IC as per the Bye-Law 76 of the Chartered Accountants By-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. Shahab Sarki could not attend the meetings of the IC due to prior engagements and resigned on February 18, 2025.

³ Dr. Prof. Qamaruddin Bohra, was appointed as an independent member to the IC on October 7, 2025.

Movement of Cases

From January 1, 2025 to December 31, 2025

Description	Investigation Committee	Council	Total
Cases at the beginning of the year	129	21	150
Cases received during the year	106	-	106
Cases referred to the Council	(30)	30	-
Cases dropped and not proceeded with	(17)	-	(17)
Cases decided by the Council	-	(38)	(38)
Cases under review at the end of the year	188	11	199
Cases put on hold due to litigation	0	2	2

Six meetings of the IC were held during the year.

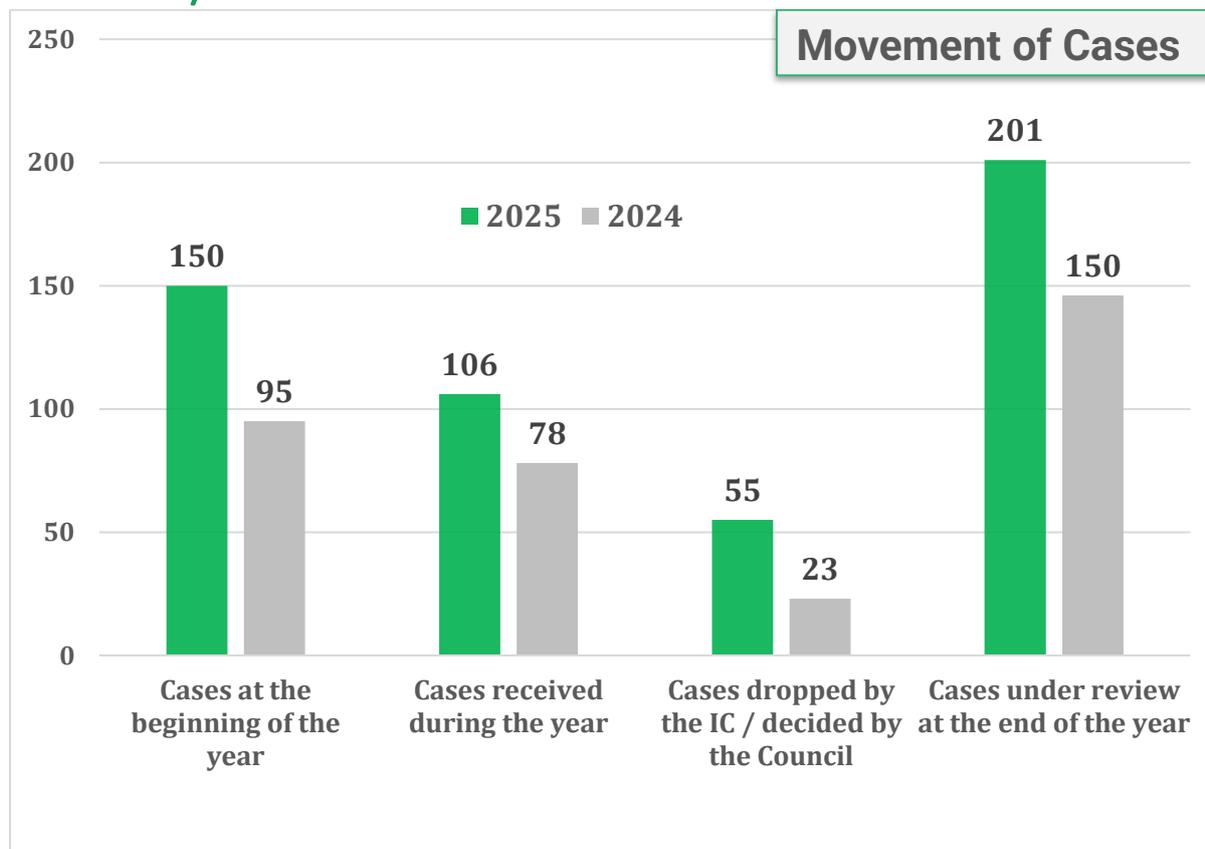
From January 1, 2024 to December 31, 2024

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.

2025

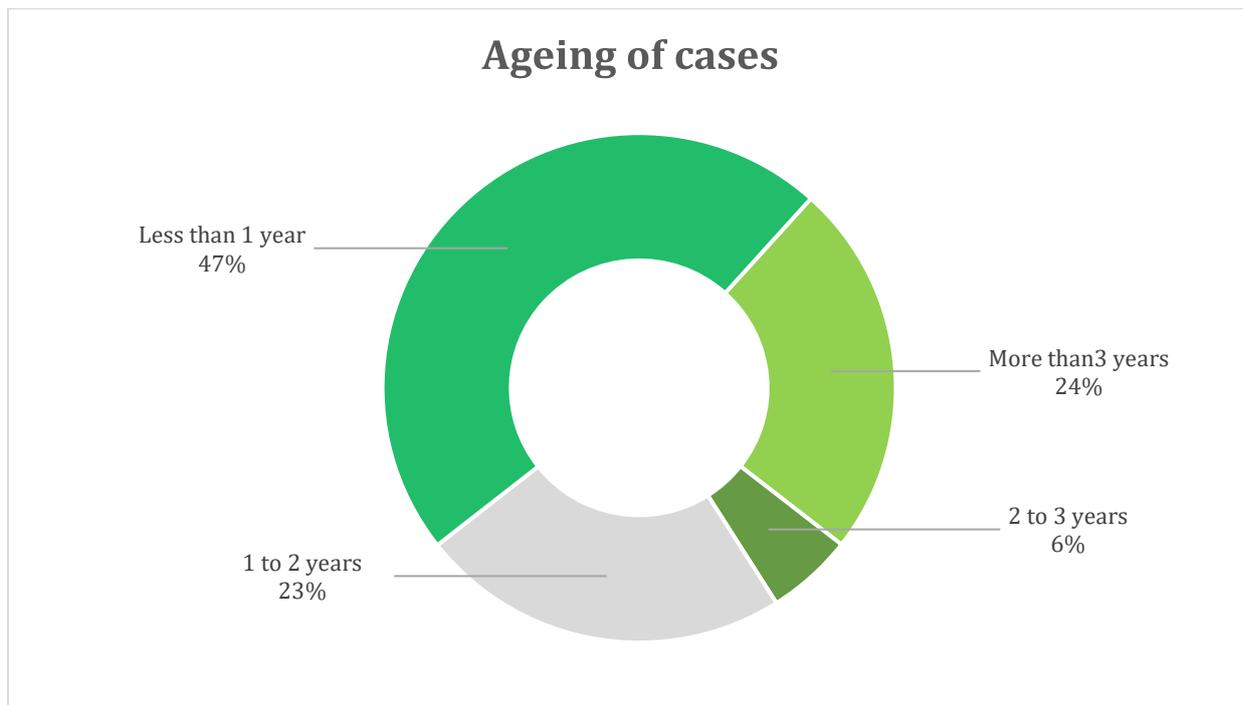
Summary of Indicators



Orders issued by Council

Nature	No. of cases 2025	No. of cases 2024
Member reprimanded with name	3	2
Member reprimanded without name	9	2
Member removed from register of members	5	0
Closed the case with advisory	11	0
Member warned without name	5	0
Cases where member was not held guilty	5	1
Total cases decided by the Council	38	5

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Description	<1 Year	1 to 2 Years	2 to 3 Years	>3 Years	Total
No. of cases	95	47	11	48	201

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, despite the fact that the firms did not have satisfactory Quality Control Review (QCR) rating under the QCR Program of the Institute.

II. SUBMISSION OF FORGED DOCUMENTS

- a. It was noted that some students of the Institute submitted forged transcripts and Certificate in Accounting and Finance (CAF) to Association of Chartered Certified Accountants (ACCA) Pakistan in order to obtain exemptions from the examination of ACCA Pakistan, wherein they falsely claimed to have passed certain subjects that they had not passed, altered the Centralized Registration Number (CRN) issued by the Institute and altered the session/month of passing for several subjects.
- b. It was noted that a student of the Institute, submitted a forged result card of Pakistan Institute of Public Finance Accountants

(PIPFA) to the Institute in order to obtain exemptions from the examination of the Institute.

III. NON-COMPLIANCE OF THE DIRECTIVES 4.06, 5.01 AND 5.02

A member formed a private limited company, a management consultancy practice, with non-members without complying with the requirements of the Directives 4.06, 5.01 and 5.02 of the Institute.

IV. 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.

V. AUDIT DOCUMENTATION

It was noted that some practicing members of the Institute conducted the audits of financial statements of companies, however, the members failed to provide the audit working papers to support the audit opinion thereon. Therefore, the members have failed to comply with the requirements of International Standards on Auditing 230 (Audit Documentation)

VI. DISCLOSURE & OTHER DEFICIENCIES

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

- i. The Statement of Changes in Equity and the Cash Flow Statement were not prepared and annexed with the financial statements.
- ii. Accounting policies and explanatory notes were not disclosed in the financial statements.
- iii. The comparative information with respect to the previous period was not disclosed in the financial statements;
- iv. Financial charges in contrast with the bank overdraft balance were un-proportionate and appeared to be misstated;
- v. The Company failed to prepare the Profit and Loss account and therefore, figures of the gross profit reported appeared to be incorrect;
- vi. The Company failed to disclose details of:
 - a) Property, Plant and Equipment
 - b) Investment
 - c) Contingencies and Commitments
 - d) Break-up of account payable
- vii. The Company failed to provide disclosure regarding remuneration of the directors and chief executive;

VII. FURNISHING FALSE INFORMATION TO THE INSTITUTE

A member submitted four motions, containing scanned signatures of forty-four (44) members of the Institute for presentation and deliberation at the Annual General Meeting of the Institute in terms of Bye Law 62 of the Chartered Accountants Bye Laws, 1983.

As per the information received from the eight (8) members (the signatories), they either did not endorse the motions or partially endorsed the motions. Therefore, it transpired that the signatories provided the guilty member their scanned signatures for some other purpose which were used for the motions without their permission.

VIII. INVALID UNIQUE DOCUMENT IDENTIFICATION NUMBER (UDIN)

It was noted that some practicing members of the Institute issued audit reports on the financial statements of companies wherein the Unique Document Identification Number (UDIN) placed on the auditor's reports turned out to be invalid upon verification of the same, due to incorrect data entered into the UDIN portal while generating the UDIN.

IX. NON-COMPLIANCE WITH ISA 560

It was noted that a member of the Institute issued revised audit reports on the amended financial statements, however, did not include the 'Emphasis of Matter' paragraph' or 'Other Matter' paragraph referring to a note in the financial statements that

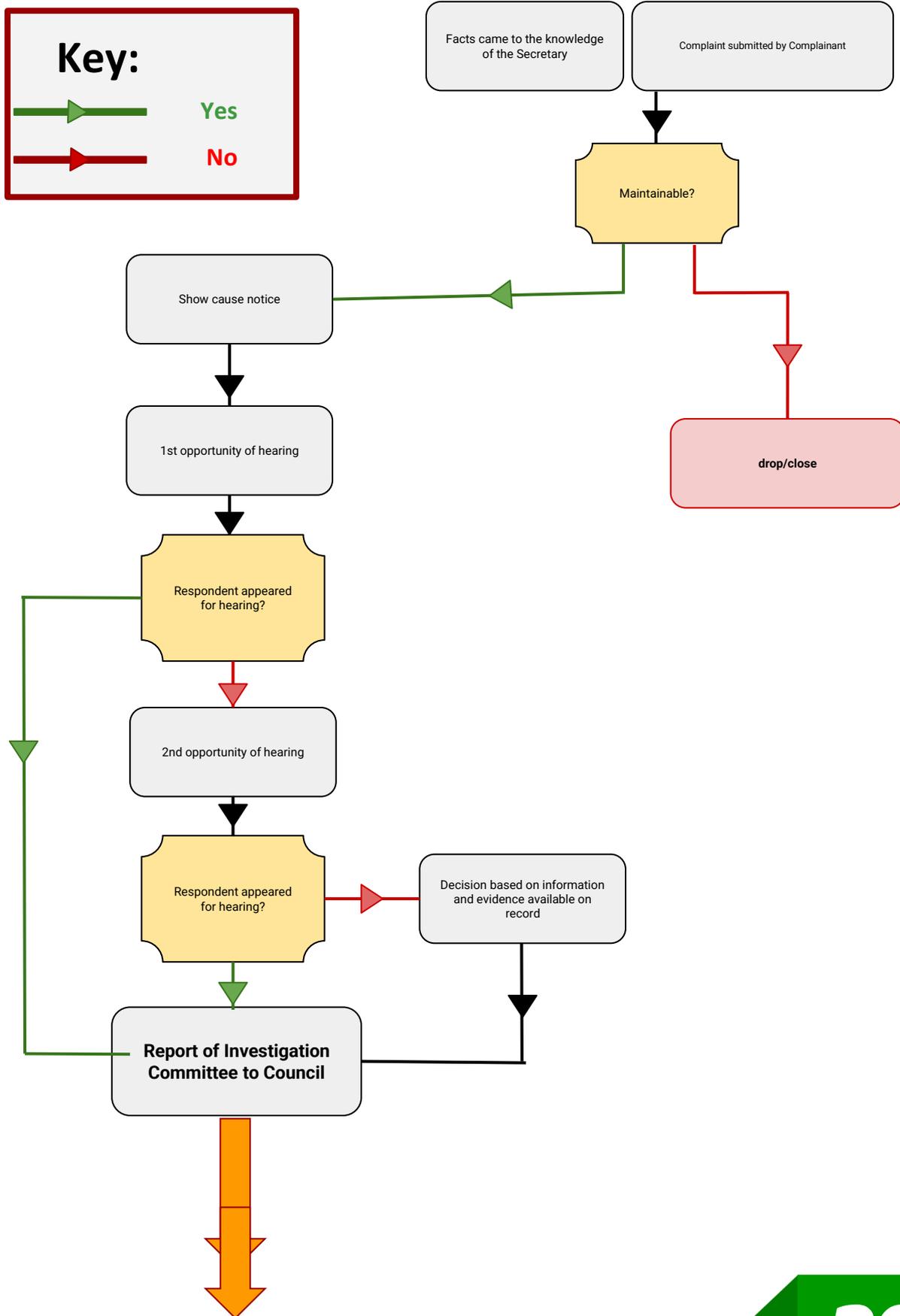
extensively discusses the reasons for the amendment of the same.

X. SUBMISSION OF INCONSISTENT AND CONTRADICTIONARY INFORMATION

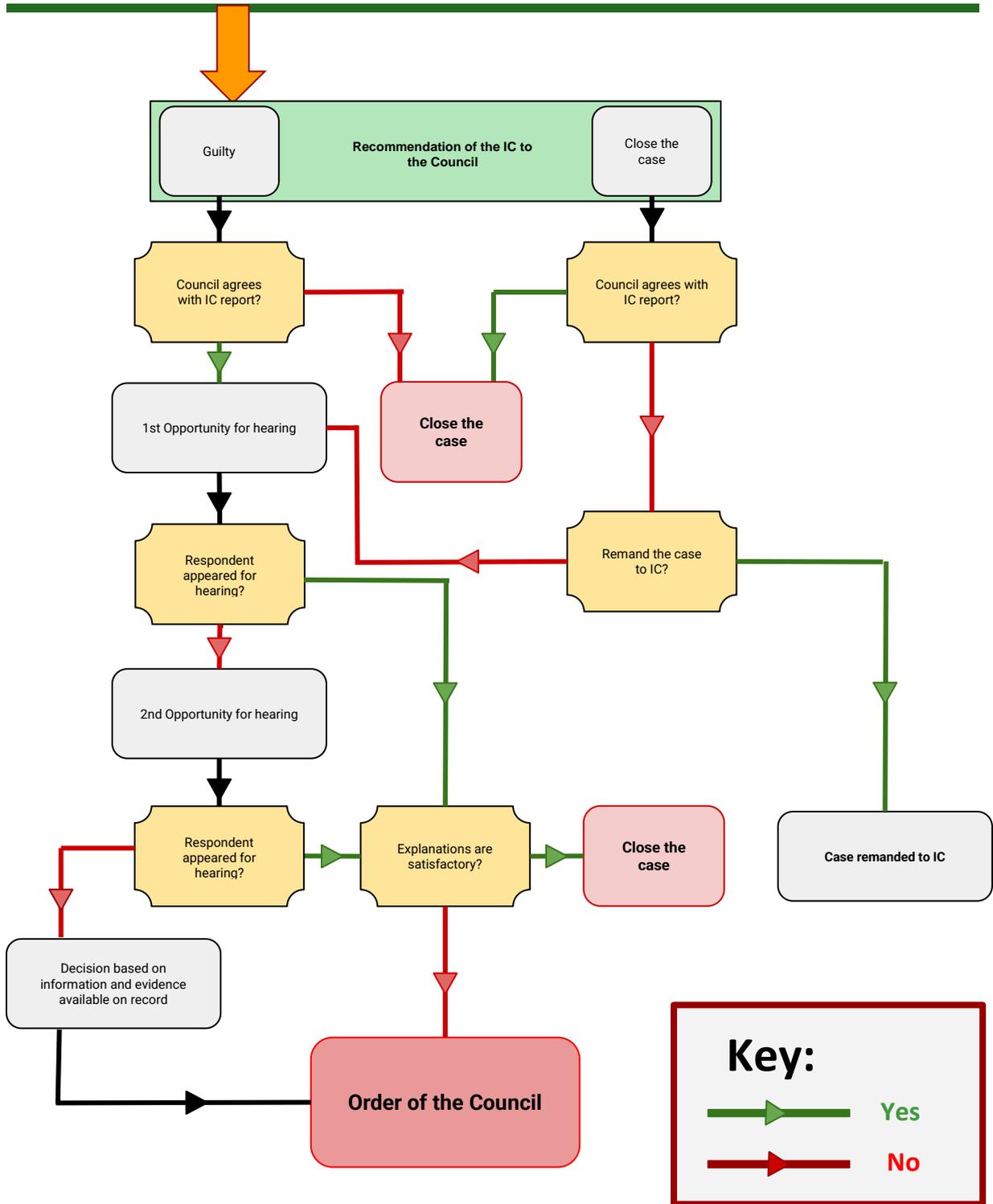
It was noted that a member of the Institute provided inconsistent and contradictory information in his submissions made during the investigation proceedings regarding an alleged bribery incident, arising from an investigation into a company's affairs for which he had been appointed as an inspector by the Securities and Exchange Commission of Pakistan (SECP).

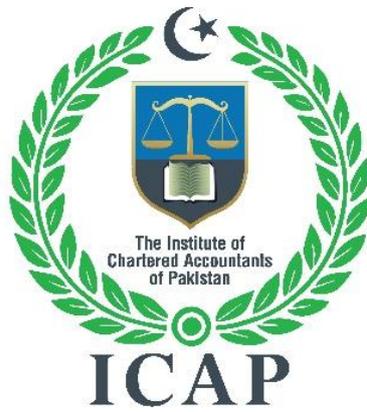
XI. NON-COMPLIANCE WITH THE DIRECTIVE 4.17

It was noted that a practicing member of the Institute was absent from the Firm during the period in which he was the partner-in-charge of one of the offices of the Firm, resulting in violation of Directive 4.17 (Absence from office for a practicing member) of the Institute).



Proceedings of the Investigation Committee
Diagrammatic Flow of Investigation Process





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