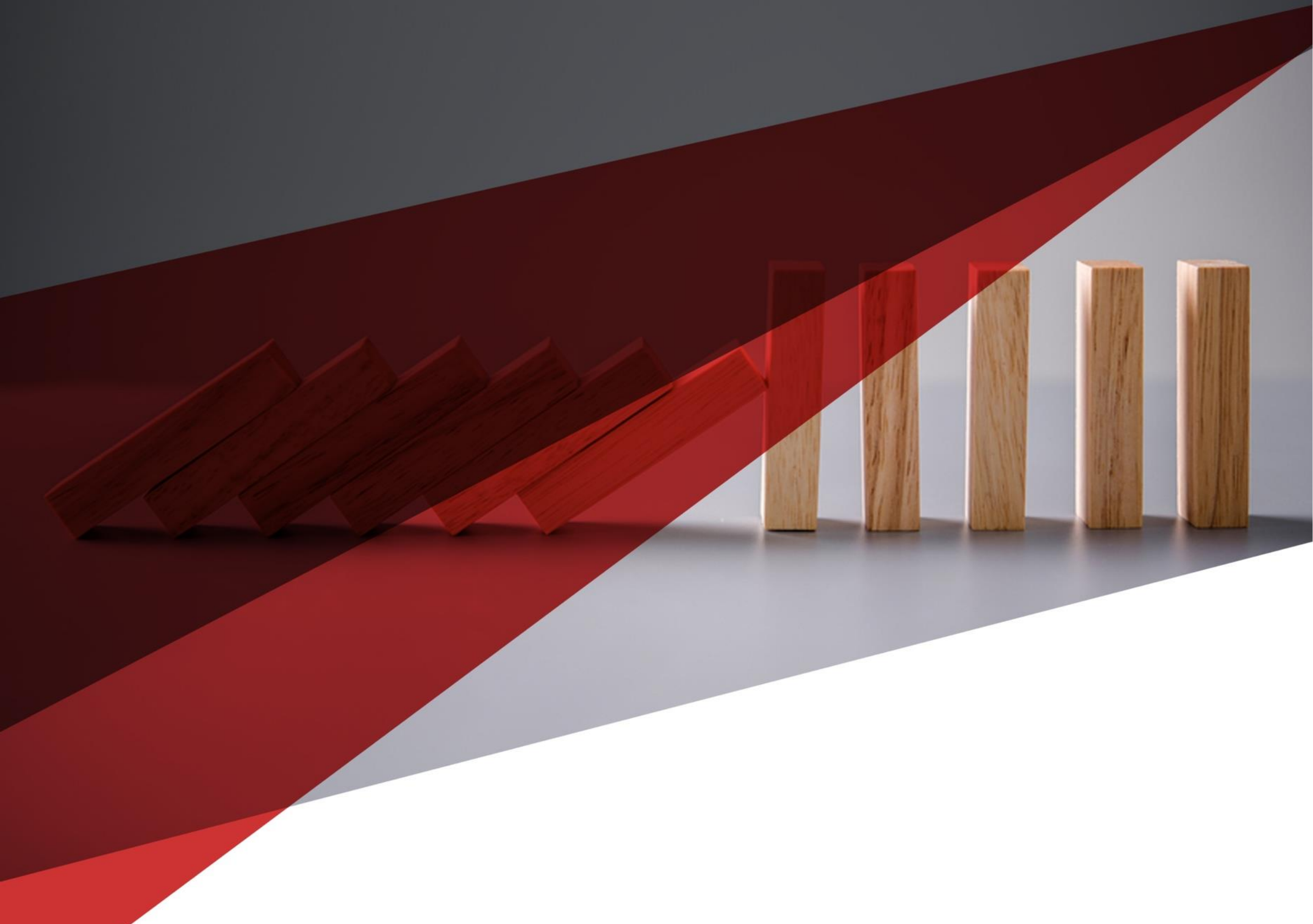
QUALITY ASSURANCE BOARD

REPORT 2023

The Institute of Chartered Accountants of Pakistan

CA PAKISTAN



QAB Report 2023

This report presents a comprehensive overview of the undertakings of the Quality Assurance Board (QAB) at the Institute of Chartered Accountants of Pakistan (referred to as "the Institute") during the fiscal year concluded on June 30, 2023. These endeavors were directed towards the advancement of quality within the audit profession in Pakistan, aligned with the stipulations of the Quality Control Review (QCR) Framework.

It is essential to note that this report is not intended to furnish assurance pertaining to the quality control mechanisms of audit firms, their assurance engagements, or the overarching quality of the auditing profession. Instead, the primary focus of this report is to provide an extensive overview of predominant observations documented throughout the review period. This information aims to catalyze a broader and proactive strategy for improvement, particularly in areas where such enhancements are most imperative.

Disclaimer

This report is crafted with the intention of providing general information. It is imperative to acknowledge that the content within this report does not constitute professional advice and should not be acted upon without procuring tailored professional counsel.

Neither the Institute, the Quality Assurance Board, nor the Quality Assurance Department assume any liability or responsibility for the outcomes arising from individuals' actions or decisions, whether taken or abstained, in alignment with the information encompassed in this report. Any decisions made based on the content of this report are done so at the individual's own discretion, and the mentioned entities absolve themselves of any associated consequences.

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Message from the Chairman Quality Assurance Board

I am pleased to present the 2023 report of the Quality Assurance Board (QAB).

The primary aim of the Quality Control Review (QCR) is to enhance the quality of audits and bolster the reputation of the accounting profession in the best interest of the public. This is achieved by reviewing audit engagements to ensure they are carried out and audit reports are issued in full compliance with the relevant International Standards on Auditing (ISAs) and regulatory obligations. Part of the review process involves examining documentation related to the 'System of Quality Control' within the audit firms to ensure it is appropriately designed and effectively implemented.

Audit methodologies have evolved significantly on a global scale, and there is greater supervision and oversight by the regulatory bodies. In this dynamic landscape, adhering to best practices to maintain quality has become even more challenging. Audit firms must focus on the principal challenges they encounter in achieving higher quality in audits and reporting for the benefit of the accounting profession. They should strive not only to meet but to exceed stakeholder's expectations. The introduction of the new quality management standard by the International Auditing and Assurance Standards Board provides audit firms with a valuable opportunity to reassess their existing quality control systems, identify potential risks that could impact the quality of audits and then devise and implement effective controls to comprehensively address those risks.

As part of its strategic priorities, the QAB has successfully completed a project aimed at documenting the QCR processes. This documentation serves the purpose of identifying areas for improvement in line with best practices. Furthermore, ongoing efforts are in place to automate various QAD's processes, including data compilation and the generation of review findings reports through IT applications.

The QAB maintains close coordination with the Audit Oversight Board (AOB) regarding matters that have implications for public interest.

Given the increased global demand for audit professionals, recruiting and retaining of qualified staff within the QAD presents a more significant challenge than ever before. Staff turnover has resulted in a backlog of QCR cases. During the year, the QAD operated with nearly half of the approved strength and without a Head, although some temporary staff transfers were made. To achieve its strategic goal, the QAB is actively pursuing enhancement in the human resources' capacity of QAD, both in terms of quality and quantity. This involves the recruitment of highly qualified individuals based on merit and conducting tailored skill enhancement programs for the existing staff.

Despite the persistent shortage of adequate human resources, the QAD managed to conduct reviews of 64 firms for the year ended June 30, 2023. This marked a notable increase from the 46 firms reviewed in the preceding year. Among these 64 firms, 40 QCRs were successfully concluded, with the remaining reviews still ongoing. It's worth highlighting that, in contrast to the previous year's 8 firms, only 4 firms received Unsatisfactory ratings in 2023. As of June 30, 2023, the count of audit firms listed as 'Practicing Firms with Satisfactory QCR Rating' totaled 120, compared with 120 last year.

In conclusion, on behalf of the QAB, I express my gratitude for the cooperation extended by the firms and their staff subject to QCR during the review period. Additionally, I acknowledge the support provided by the QAD despite the many constraints it faces.

Farid ud Din Ahmed, FCA
Chairman,
Quality Assurance Board

Overview of Results of Quality Control Reviews (QCRs)

Introduction

A summary of the review activities undertaken during the year ended June 30, 2023 along with a brief description of the QCR process, is reflected in this section.

Scope of review

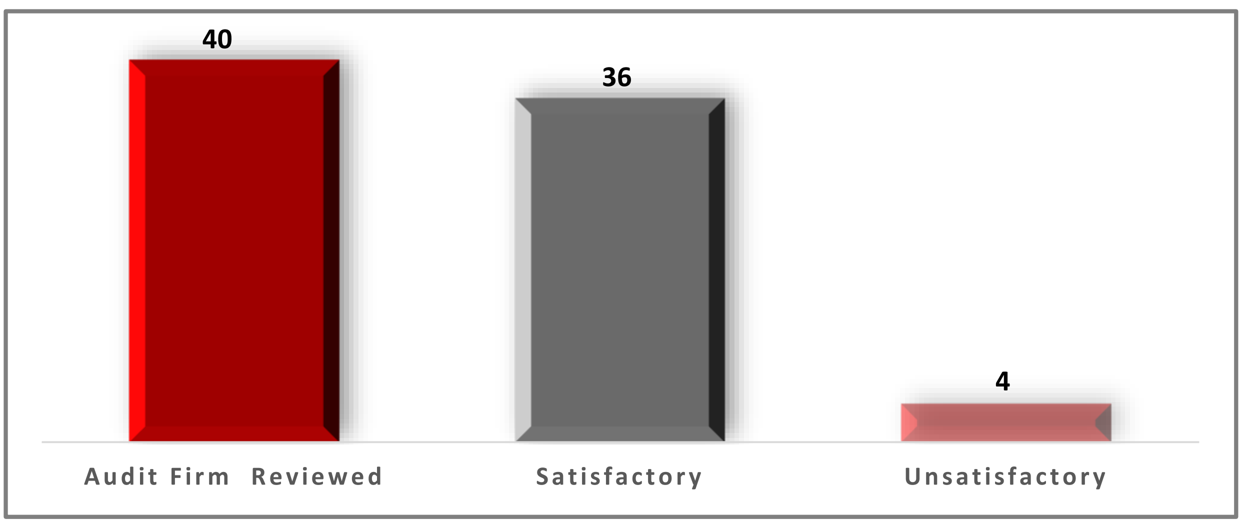
The QCR includes an engagement review and a review of the system of quality control within that firm. In reviewing an audit firm, all locations of the firm and at least 50% of the audit partners of that firm are selected for engagement review.

Quality Control Reviews

The table below summarizes details of QCRs concluded during the year 2022-23:

Particulars	2022-23	2021-22
Audit Firms Reviewed	40	29
Number of Engagements Reviewed	92	68
Number of Locations Covered	55	41

During the year, QCRs of sixty-one (64) audit firms were conducted and forty (40) QCRs were concluded. Out of 40 QCRs of firms, 36 firms were ranked Satisfactory whereas 4 firms were ranked as Unsatisfactory, as reflected in the following graph:



As of June 30th 2023, 120 firms were on the Institute's *'List of Firms having Satisfactory QCR Rating'*.

Summary of Engagement Reviews

The following table summarizes assessment of individual audit engagements reviewed over the last five years:

Year	Listed		Other than listed		Total
	Satisfactory	Unsatisfactory	Satisfactory	Unsatisfactory	
2022-23	18	7	44	23	92
2021-22	5	14	28	21	68
2020-21	11	12	45	21	89
2019-20	98	15	118	48	279
2018-19	10	4	42	12	68

Summary of Observations

Following is the summary of significant/recurring observations, noted during QCRs of firms conducted during the year:

1. AUDIT REPORT

a. Missing Information:

The audit reports did not contain reporting on "other information" in accordance with the requirements of ISA 720 and Auditors (Reporting Obligations) Regulations, 2018, nor was there any documentation in the audit file regarding the review of other information by the engagement team.

b. Missing Information in Opinion Section:

The first paragraph of the "Opinion" section in the auditor's report lacks the necessary wording, which should state, "Except as stated in the basis for the qualified opinion section of the report, we state that we have obtained all information and explanations necessary for the audit." This wording is mandated by the Auditors (Reporting Obligations) Regulations, 2018.

c. Issues with Going Concern Assessment:

- There were deficiencies noted in the "Material Uncertainty Related to Going Concern" section of the audit reports, including the improper arrangement and unnecessary inclusion of management's view.
- Audit documentation regarding additional audit procedures and communications of events or conditions related to going concern was lacking.

2. PLANNING & RISK ASSESSMENT

2.1 Risk Assessment including fraud risks:

a. The audit files frequently lack documentation regarding risk assessment procedures, as required by ISA 315.

b. There is a recurring absence of documentation related to the understanding of the entity's internal control processes, control environment, and control activities, as required by ISA 315.

c. Auditors did not assess the impact of undisclosed information on the risk of material misstatement due to fraud or the integrity of management, which is required by ISAs

d. Presumed fraud risks, notably in cases of management override of controls and revenue recognition, were not consistently classified as significant risks, as mandated by ISA 240.

2.2 Audit Planning & Materiality:

a. It was noted that materiality was calculated after the commencement of fieldwork, rather than at the time of the development of the overall audit strategy, which is contrary to the requirements outlined in ISA 320.

b. Performance materiality, calculated as a percentage of planning materiality, lacked documented rationale, as required by ISA 320.

c. The planning document consistently lacked essential discussions required by ISA 315, including:

- Application of the financial reporting framework to the entity's circumstances.
- Identification of areas susceptible to material misstatement due to fraud.
- Assessment of susceptibility to misstatement from related party relationships.
- Consideration of independence matters concerning team members.

d. There was no documentation regarding engagement team meetings during the planning stage to discuss key aspects, as mandated by ISA 315.

e. Engagement-specific independence confirmations for the engagement team were not available, potentially raising concerns about auditor independence.

3. GENERAL PRINCIPLES AND RESPONSIBILITIES

3.1 Acceptance and Continuance:

a. Client continuation procedures were conducted after the signing of the Engagement Letter (EL), indicating a delay in assessing the suitability of retaining the client for the audit engagement.

b. Discrepancies were identified between the dates mentioned on the "Existing Client Continuation/Retention Memo" and the dates of the corresponding audit reports. In the first instance, the memo was dated October 24, 2020, while the audit report was dated October 02, 2020. In the second instance, the memo was dated October 26, 2020, whereas the audit report was dated October 06, 2020. These inconsistencies in dates may raise concerns about the accuracy and timing of client continuation procedures in relation to the audit reporting process.

3.2 Communication with those charged with governance:

No documentation was available in the working papers regarding communication with those charged with governance in accordance with ISA 260.

3.3 Consideration of laws and regulations:

The engagement teams did not appear to have acquired sufficient understanding of the legal and regulatory framework governing the entities and how the entities are adhering to this framework, as mandated by paragraph 13 of ISA 250.

3.4 Engagement Letter:

a. Following issues were identified in the content of the engagement letters, reflecting non-compliance with ISA 210:

   - The engagement letters did not reference the expected form and content of the audit report.
   - Some engagement letters did not include reference to the applicable financial reporting framework.
   - Engagement letters did not clearly define the objective and scope of the audit of the financial statements.
   - The engagement letters did not mention the management's agreement on unrestricted access to persons.

b. In some cases, outdated engagement letters from previous years were being used for the current engagement.

4. AUDIT EVIDENCE AND DOCUMENTATION

4.1 Journal entry testing:

a. Journal entry testing was inadequately documented, and there were discrepancies in the determination of sample size and the assessment of population completeness.

b. Understanding of controls related to journal entries and the evaluation of control design and implementation were not documented in accordance with ISA 315.

4.2 External Confirmations:

a. In multiple instances, there was no evidence of direct dispatch and receipt of external confirmations as required by ISA 505 for various categories, including trade debtors, cash and bank balances, sponsor/directors' loans, short-term financing, legal advisor confirmations, trade and other payables, and contract liabilities.

b. Bank confirmation responses or bank statements were missing for specific banks or balances, creating gaps in audit evidence.

c. Non-responses to external confirmations for certain account balances were noted, but alternative audit procedures were consistently not performed, as required by ISA 505.

4.3 Contingencies and commitments:

a. Insufficient documentation regarding contingencies and commitments disclosed in the financial statements, particularly legal matters and disputes.

b. Discrepancies between the confirmation obtained from the legal advisor (stating no cases in progress) and the disclosure in the financial statements (mentioning ongoing legal action).

4.4 Taxation:

a. Incorrect tax rates used for computation of income tax.

b. No assessment or documentation of the impact of tax exemptions.

c. Sales tax not recognized or miscalculated for certain transactions.

d. No documentation or assessment of recoverability of tax refunds and advances.

4.5 Cut-off procedures:

The audit file lacked documentation regarding cut-off procedures for areas including revenue and purchases.

4.6 Omitted Liability Testing:

Documentation related to the execution of omitted liability testing, a vital requirement under multiple auditing standards such as ISA 315 and ISA 500, is consistently missing from the audit file. This documentation is essential for confirming the comprehensive recording of all necessary liabilities.

4.7 Property, Plant and Equipment:

a. Across multiple instances, the audit file consistently lacked documentation regarding the rationale or basis for allocating depreciation to direct costs and administrative expenses.

b. The reasonableness of depreciation rates was not tested across various cases, as required by ISA 540.

c. In various instances, additions to assets were capitalized, but no depreciation was charged, and no rationale was documented.

d. In some instances, capital work in progress remained un-capitalized for extended periods, with no impairment testing or depreciation provided as required by accounting standards.

4.8 Audit Sampling:

a. A consistent observation is the absence of documented sampling techniques and criteria in the audit file, as mandated by ISA 530. Furthermore, the basis for determining sample sizes for test of details is not documented as per the standards.

b. In various instances, inappropriate methods for sample selection were documented which are not in line with ISA.

4.9 Inventory:

a. The audit revealed a lack of evidence regarding the verification of the existence and valuation of various inventory categories, including raw material, packing material, work in process, and finished goods.

b. No documentation was available to assess the adequacy of provisioning for slow-moving items.

4.10 Gas Infrastructure Development Cess (GIDC):

A significant omission in the financial statements of a few companies was revealed.". Despite the company's usage of gas in its production process, there was no recognition of the Gas Infrastructure Development Cess (GIDC) in the financial statements. Furthermore, the audit files lacked documentation explaining the rationale for not accounting for GIDC.

4.11 Implications of IFRS 9:

There was no documentation with regard to assessment of implication of IFRS 9 in many cases.

4.12 Revenue including implications of IFRS 15:

a. Adoption of New Accounting Standards (IFRS 15):

- Failure to document the impact of adopting IFRS 15 on revenue recognition.
- Unclear accounting treatment for complementary sales discounts and gift vouchers that might impact revenue recognition.

b. Sales and Receipt Verification:

- Incomplete documentation of cut-off procedures for verifying invoices and delivery documents.

- Lack of documentation related to the nature and verification of advance revenue received.

4.13 Cost of Sales, administrative and other expenses:

a. Several instances were noted where audit evidence or documentation for verifying expenses, purchases, stock losses, or other items was absent. No audit evidence was found for verifying expenses, including legal expenses, purchase of raw materials, finished goods, and various other expenses.

b. Legal expenses were not recognized in the financial statements despite contingencies being disclosed. This included legal advisor retainer fees as required by the Companies (Appointment of Legal Advisors) Act, 1974.

c. Agreements and confirmations related to expenses, retainer fees, and other financial transactions were lacking, undermining the audit trail and evidentiary support.

d. In the analysis of expenses, salaries, and provident funds, the auditor used substantive analytical procedures projecting data over a period. However, these procedures were incomplete or inadequately documented.

e. The nature, timing, and extent of audit procedures performed were not sufficiently documented, affecting the reliability of these procedure.

f. Lack of comprehensive rationale documentation created uncertainty about the appropriateness of accounting decisions and treatments.

g. Compliance testing related to legal and regulatory requirements was incomplete or not fully documented. This included the assessment of compliance with laws governing retainer fees and other legal obligations.

4.14 Deferred Tax:

a. There were inconsistencies in recognizing and documenting deferred tax assets and liabilities as required by IAS 12.

b. There is a lack of audit evidence supporting the tax bases of assets and liabilities, which is essential for determining the correct amount of deferred tax. Additionally, the availability of future taxable profits, a critical factor in recognizing deferred tax assets, is not adequately assessed or documented.

c. Deferred tax is not accounted for on certain items, such as the difference between fair value and cost of assets and liabilities. The audit files also lack documentation regarding the recognition of deferred tax on actuarial gains and other taxable/deductible temporary differences.

d. Errors have been identified in the calculation of deferred tax assets, including the incorrect inclusion of minimum tax, land values, and the omission of the allowance for expected credit loss.

e. The financial statements lack disclosure of an accounting policy for deferred taxation. Furthermore, there is no clear rationale provided for the non-recognition of deferred tax assets, despite the company's income being subject to normal taxation.

4.15 Related Parties:

a. No documentation available in the audit file to verify that related party transactions were conducted at arms' length as required by ISA 550.

b. No documentation available in audit file regarding understanding of related party relationships and transactions.

c. In one instance, the company obtained a loan from its directors at 25% interest rate, exceeding the 1-Year Kibor rate. No rationale was documented for charging such an excessive interest rate, contrary to company policy which was to carry out related party transactions at arms' length.

d. No working paper showing compliance with Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018.

e. Loans provided to associated companies without documentation of compliance with section 199(2) of Companies Act, 2017.

f. Past due receivables to related parties and associated company without documentation for impairment assessment. Also, loan receivable classified as current asset without documentation on classification basis.

4.16 Employee Benefits:

a. Neither the policy nor the provision for staff retirement benefits, such as gratuity or provident fund, was disclosed or recognized in the financial statements. This is despite the company having a significant number of employees, as disclosed in the financial statements.

b. While the engagement team assessed the competence of the actuary, there was no documentation in the audit file to confirm that they evaluated the objectivity, independence, and capabilities of the management expert. Moreover, documentation regarding the understanding of the expert's work, assessment of assumptions, and communication between management and the expert was missing.

c. The actuarial report did not include all employees, with discrepancies between the number of employees disclosed in the financial statements and those considered in the report. No documentation was available to explain why some employees were excluded or to ensure completeness and accuracy in the information used by the actuary.

d. In some instances, the company recognized staff retirement benefits without conducting an actuarial valuation, which is required by accounting standards (IAS-19).

4.17 Accounting estimates:

The basis for the auditor's conclusions about the reasonableness of accounting estimates and their disclosure, required by paragraph 23 of ISA 540, was not documented in the audit file.

4.18 Investment property:

a. In some instances, the audit file did not contain documentation to demonstrate that the fair value of the investment properties could not be measured reliably, which would have justified the use of the cost model for these properties. I

b. In one instance, the company sold an investment property during the year at the same price at which it was originally acquired as security for a loan. However, the auditor noted that the value of the investment property was not assessed at the time of disposal to determine any gain or loss on the sale. Additionally, the unusual nature of this sale and purchase transaction, lacking commercial substance, was not adequately assessed by the auditor, as required by ISA 240.

5. PRESENTATION AND DISCLOSURE

5.1 Disclosure deficiencies with regard to International Financial Reporting Standards (IFRS) / International Accounting Standards (IAS) and IFRS for Small & Medium Entities (SMEs):

a. <u>IFRS 9-related Observations</u>:

- Assessment of Financial Impact: The financial statements mentioned the assessment of the financial impact of adopting IFRS 9 more than once, indicating typographical errors in the classification of standards.
- IFRS 9 Application: It was noted that the company had applied IFRS 9 for the first time during the current year, but the requirements of para 42 (I & L) of IFRS 7 were not met regarding the original measurement category and carrying amount, as well as the new measurement category and carrying amount of financial liabilities, as per IAS 39 and IFRS 9.
- COVID-19 Impact Disclosure: The financial statements did not disclose the impact of COVID-19 on the company's operations under subsequent event non-adjusting events, as required by IAS 10 and SECP Circular 26 of 2020.

b. <u>IFRS 15-related Observations</u>

- In multiple instances, it was observed that the company did not fulfill the disclosure requirements related to the disaggregation of revenue as required by Paragraph 114 and B89 of IFRS 15.
- In several observations, the company was found to be non-compliant with various requirements of IFRS 15, such as missing disclosures related to the timing of satisfaction of performance obligations, factors affecting recognition of contract assets and liabilities, judgments in determining performance obligations, and details about methods, inputs, and assumptions used in determining the transaction price.

5.2 Disclosure Deficiencies with regard to Fourth and Fifth Schedules to the Companies Act, 2017:

a. <u>Sales Tax Deduction:</u>

In one instance, a company failed to disclose the deduction of sales tax from its turnover. This is a crucial disclosure requirement under clause 25(ii) of the Fifth Schedule of the Companies Act, 2017, and it helps in providing transparency regarding the company's financial performance.

b. <u>Land Classification:</u>

In several instances, the companies did not provide the required details about land and buildings, particularly the classification between freehold and leasehold. This information is important for a clear understanding of the company's asset structure, as specified in clause 8 of the Fifth Schedule.

c. Auditor's Remuneration:

The company didn't disclose the aggregate auditor's remuneration, including fees, expenses, and other remuneration for services rendered. This omission is contrary to clause 26 of the Fifth Schedule, which aims to provide transparency in auditor compensation.

d. Short-Term Interest-Free Finance:

Disclosure of short-term interest-free (Non arm's length) finance was not in compliance with Clause 13 of the Fifth Schedule. Providing this information is essential to understand the company's financing arrangements.

e. Shareholder Agreements:

The company did not provide information related to shareholder agreements, including voting rights, board selection, rights of first refusal, and block voting, as required by Clause 19 of the Fifth Schedule. This disclosure is crucial for understanding corporate governance and decision-making structures.

f. Remuneration Details:

Details about remuneration for directors, chief executives, and executives, along with the number of such individuals, were not disclosed as per Clause 29 of the Fifth Schedule. This omission hinders transparency regarding executive compensation.

g. Loans, Advances, and Security Deposits:

The company failed to adequately disclose loans, advances, and security deposits, missing the maximum aggregate amounts outstanding at any time during the year, as required by various clauses. This information helps in assessing financial risks.

h. Geographical Locations:

Certain geographical locations, such as business units, office addresses, and specific premises, were not disclosed as mandated by the Fifth Schedule. This omission affects the understanding of the company's operational footprint.

i. Gratuity Expense Contribution:

The company did not disclose gratuity expense contributions for the directors, chief executive and executives as required by Clause 29(v) of the Fifth Schedule. This information is important for understanding employee benefits and liabilities.

j. Transaction Details:

Specific transactions, especially those involving loans and advances, were inadequately disclosed. Properly disclosing transactions is essential for transparency in financial reporting.

6. REVIEW OF FIRM'S SYSTEM OF QUALITY CONTROL

6.1 Engagement Quality Control Review (EQCR):

In multiple instances, it was observed that the Engagement Quality Control Review (EQCR) documentation lacked the required signatures, and there was a lack of evidence related to meetings between the EQCR and the engagement team regarding significant items and conclusions. Additionally, the dates of EQCR were consistently not mentioned on checklists, raising concerns about compliance with ISA 220 requirements.

6.2 Independence and relevant ethical requirements:

Failure to maintain engagement-specific independence forms, document annual independence confirmations for long-serving staff, and maintain independence registers.

6.3 File Assembly and Retention:

a. Retention of Documents:

The firm's stated policy for retaining audit working papers for five years does not align with ICAP's directive requiring a minimum retention period of six years, leading to non-compliance with paragraph 47 of ISQC 1.

b. Engagement File Assembly:

There is no documented policy for timely assembly of final engagement files as mandated by paragraph 45 of ISQC-1, indicating non-compliance.

c. Archival Issues:

Documentation problems, including improper archival of engagement files, raise concerns about compliance with ISQC-1 paragraphs 32, 33, and 45, with the firm attributing some issues to the initial challenges posed by the COVID-19 pandemic.

7. Cyclical Reviews:

The documentation of cyclical reviews i.e. inspection of at least one completed engagement for each partner, was not available for review in accordance with paragraph 48(a) of ISQC-1.

Disclaimer

The information contained in this section is not intended to set out how an audit firm should structure its audit working paper files, policies and practices as there is no 'one-size-fits-all' approach. Audit practitioners are encouraged to seek guidance from the observations summarized in this report in light of their own facts and circumstances.

Quality Control Review Process

The step-wise review process undertaken by the Quality Assurance Department in discharging its responsibilities in terms of reviewing the engagements is as follows:

Step 1 Obtain list of audit engagements from the audit firms.

Step 2 Review the list for completeness and accuracy.

Step 3 Selection of audit engagements for QCR on a risk-based and sector specific engagement selection criteria.

Step 4 Review of the selected engagements and the firm's control environment.

Step 5 Observations noted by the reviewer and engagement partner's comments are recorded in the Review Finding Form (RFF).

Step 6 The draft QCR report is prepared and sent to the Firm for comments.

Step 7 The draft QCR report, after incorporation of firm's comments, if any, is presented to the QAB for its consideration.

Step 8 **Conclusion**

The Final QCR report is issued to the firm, after approval by the QAB, with either of the following conclusions:

i) Satisfactory

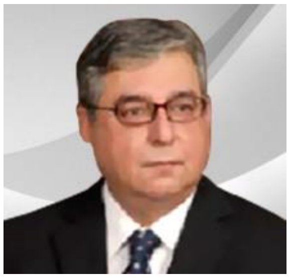
ii) Satisfactory with Improvements Required (SWIR)

iii) Unsatisfactory

Composition of the Quality Assurance Board

The Quality Assurance Board (QAB) is an independent body composed of nominees from the Securities and Exchange Commission of Pakistan (SECP), the State Bank of Pakistan (SBP), Pakistan Stock Exchange (PSX) and the Institute of Chartered Accountants of Pakistan. It oversees the functions of the Quality Assurance Department of the Institute. Brief profiles of the members of the Quality Assurance Board are given below:

i) Mr. Farid ud Din Ahmed (Chairman)



Mr. Farid ud Din Ahmed is a fellow member of the Institute of Chartered Accountants of Pakistan with over 35 years' professional experience in audit and consulting assignments with KPMG Pakistan and UK for the private as well as the public sector. He has held the positions of Partner in Charge, KPMG Lahore and Head of Advisory, KPMG Pakistan.

ii) Ms. Kauser Safdar

Ms. Kauser Safdar a strong will and progressive profession, is a fellow member of the Institute of Chartered Accountants of Pakistan with 19 years of diverse post-qualification experience. Her association with financial institutions includes UBL and First Women Bank Limited. She is presently working as Chief Financial Officer in PAIR Investment Company Limited.

She is a certified director and certified Islamic Banker. She has been nominated on the Quality Assurance Board for the second consecutive term. She is also member of ICAP Professional Accountants in Business (PAIB)Committee, ICAP Benevolent Fund Committee and OICCI Environmental, Social and Governance (ESG) committee. Previously she has been part of OICCI Gender Equality Committee and ICAP CA women Committee.

iii) Mr. Mehmood Abdul Razzak

Mr. Mehmood Abdul Razzak is the founding and the managing partner heading the assurance and business advisory services at Baker Tilly Pakistan. He is a Fellow member of the Institute of Chartered Accountants of Pakistan and has over twenty years of experience in practice. After serving Central Depository Company of Pakistan Limited as the youngest head of finance, he laid foundation of a chartered accountancy practice leading it to one of the most emerging reputable firm of nineteen partners/directors, more than one hundred and fifty staff with offices in Karachi, Lahore, Islamabad, Peshawar and Kabul. Successfully introduced Baker Tilly International brand, one of the top ten networks of accounting firms, in Pakistan and Afghanistan. The practice now also ranks amongst the A category firms in Pakistan as per State Bank of Pakistan's panel of auditors.

He has served as a member of the Quality Assurance Board, elected member of the Southern Regional Committee, Taxation Committee and CPD committee of ICAP. He has also served different committees of the Karachi Tax Bar Association and acted as an honorary Advisor to the Karachi Chamber of Commerce. Presently, he is a member of the Auditing Standards and Ethics committee as well as Practicing Members Committee of the ICAP.

iv) Mr. Muhammad Ashraf Bawany

Mr. Ashraf Bawany is President at Ghani Global Group of companies. Prior to that he was CEO / MD of Linde Pakistan Limited (Boc Pakistan Limited). He is a Director at Pakistan Institute of Corporate Governance – PICG, BioMasdar (Pakistan) Limited and Vice President at Bin Qasim Association of Trade & Industry (BQATI).

He remained till recent past as a Director on Pakistan Stock Exchange, Central Depository Company (CDC), IT Minds Limited, CDC Share Registrar Company Limited, National Clearing Company of Pakistan Limited (NCCPL) and VIS Credit Rating Company Limited (Formerly JCRVIS Credit Rating Company). He was also a former President of ICMAP, PIPFA.

He is also a member of welfare committee of Aziz Tabba Foundation, Tabba Heart Institute, member of The Patients' Behbood Society – (PBS) Fundraising Committee, Agha Khan University Hospital and Advisor to Board of Trustee Help International Welfare Trust (HIWT).

Mr. Bawany is Law graduate and a fellow member of Institute of Cost and Management Accountants of Pakistan (ICMAP) & Institute of Corporate Secretaries of Pakistan (ICSP).

v) Ms. Sadia Khan

Sadia Khan was appointed Commissioner, Securities & Exchange Commission of Pakistan (SECP) by the Federal Government for a three-year term in March 2020. She was the first female to hold this post. Prior to that, she has served as the President & CEO of the Pakistan Institute of Corporate Governance (PICG).

Ms. Khan has pursued a versatile career path traversing investment banking, development finance, financial regulation, family businesses and entrepreneurship across three continents. With Masters degrees in Economics from both Cambridge University and Yale University, Sadia started her career at Lehman Brothers in New York. After obtaining her MBA from INSEAD in France, she has worked with various international institutions and local regulatory authorities, including the Asian Development Bank in the Philippines, the Securities & Exchange Commission of Pakistan and the State Bank of Pakistan. For the past two decades, Sadia has remained a passionate advocate of corporate governance and has served on various boards as an independent director. Her book entitled "Corporate Governance Landscape of Pakistan" was published by Oxford University Press in 2017.

In 2014, the French Government conferred on her, the prestigious French award, "Chevalier de l'Ordre National du Mérite" (Knight of the National Order of Merit). Ms. Khan served as the Honorary Consul General of Finland in Karachi during 2012-2020. Her leadership and strategic management skills were recognized in a Case Study published by INSEAD in 2021, on her tenure as the Global President of the INSEAD Alumni Association. She was recognized by the International Directors Network (IDN) for excellence in governance as the first recipient of their Good Governance Award in 2021. She was awarded the Volunteer Leaders Award by INSEAD during the Alumni Forum in London in March 2023.

vi) Mr. Muhammad Shahid Ashraf

Muhammad Shahid Ashraf is a financial sector expert having around thirty years of experience of central banking, commercial banking, and industry. He served as National Coordinator for Risk Assessment of ML/TF and headed the Foreign Exchange Operations Department of State Bank of Pakistan. He is CEO of Athina Consultancy and provides consultancy services in the areas of AML/CFT, Corporate Governance, Foreign Exchange, Foreign Trade, Risk Management, Bookkeeping and Accounts.

He is a fellow member of Certified Chartered Accountants of UK, Certified Information System Auditor from USA, member Associate of Bankers in Pakistan and a master's degree holder in Business Administration. He represented the country on various national and international forums participated in the various seminars/workshops and training programs conducted by LUMS, Cambridge University, IOWA State University, Federal Reserve Bank of USA, The Banque de France, IMF, and United Nations.

vii) Mr. Rashid Ahmed Jafer

Rashid Jafer has an experience of over 37 years with A F Ferguson & Co (a member firm of the PWC Network) including 23 years as a partner before retiring. He was the Head of Assurance Services as well as the Financial Services Leader. Currently he is on the Board of Directors of Habib Metropolitan Bank Limited , UBL Fund Managers and OLP Financial Services.

viii) Syed Aftab Hameed Esq.

Syed Aftab Hameed is a Fellow Chartered Accountant and in practice since his qualification in the year 1985. Presently he is the Chairman / Senior Partner of Kreston Hyder Bhimji & Co. and looking after the audit and assurance side of the firm. Over a period of three and a half decades, he has, by single-minded devotion to the profession, come to acquire a well-deserved reputation in the concerned circles for himself.

He has/had been conducting or supervising audits, investigations or rendering management consultancy services in the various fields of business, trade & commerce, etc. He remained a member of Practicing Members Committee, Accounting & Auditing Standards Committee and Education and Training Committee of the Institute of Chartered Accountants of Pakistan (ICAP) for a number of terms, with active participation. He has also been a joint Auditor of ICAP for a period of five years. He was nominated as a member of Quality Assurance Board (QAB) by the Council w.e.f. July 01, 2021 for a period of three years.

ix) Syed Majid ALI Esq.

Syed Majid Ali is a fellow member of the Institute of Chartered Accountants of Pakistan and has over three decades of experience in the field of accounts and finance disciplines of banking with exposure in IT and HR activities. He has been associated as CFO at Saudi Pak Commercial Bank Limited (now Silk Bank Limited) and Emirates Bank International PJSC (Pakistan operations). He has also served as Partner in KPMG Taseer Hadi & Co, Chartered Accountants. Currently, he is associated as a CFO with Faysal Bank Limited (FBL), since 2008. He has led FBL's successful conversion from a conventional to a full-fledged Islamic Bank as the Conversion Czar (Program Sponsor). FBL's conversion is the largest global conversion of a Conventional Bank into an Islamic Bank and a game-changer for the entire Banking industry. To honor his services, Syed Majid Ali has been awarded the Finance Leader Award 2023 by ICAP's Professional Excellence Awards (PEA).

Mr. Majid has rich experience in banking finance and mergers and acquisitions (M&A). He was member of the core team responsible for the sale of Emirates Bank International PJSC (Pakistan Operations) and Saudi Pak Commercial Bank Limited. He was also actively involved in the acquisition of RBS Pakistan operations by the Faysal Bank Limited and its subsequent integration. He has also supervised Strategy, Technology and Administration functions at Faysal Bank Limited.

Mr. Majid is member of the Accounting and Taxation Committees of the Pakistan Banks' Association (PBA), Overseas Investors' Chamber of Commerce and Industry (OICCI), and Pakistan Business Council. He has served as member of the Board of Directors of Central Depository Company of Pakistan (CDC) and currently servings on the Board of Directors of Faysal Assets Management Limited as Vice Chairman.

Meetings & Attendance

During the year ended June 30, 2023 twelve (12) meetings of the QAB were held.

QAB Members	Meetings Attended
Mr. Farid ud Din Ahmed (Chairman)	12
Mr. Abdul Samad	4
Mr. Azhar Iqbal Kureshi	5
Mr. Hasan A. Bilgrami	6
Ms. Kauser Safdar	12
Mr. Masood Karim Shaikh	6
Mr. Mehmood	10
Mr. Muhammad Ashraf Bawany	12
* Mr. Muhammad Shahid Ashraf	-
Mr. Rashid Ahmed Jafer	5
Mr. Rashid Ibrahim	10
* Ms. Sadia Khan	-
Syed Aftab Hameed Esq.	12
* Syed Majid Ali Esq.	-

** The membership term of Mr. Abdul Samad, Mr. Rashid Ibrahim and Ms. Kauser Safdar expired on June 30, 2023. Ms. Sadia Khan and Syed Majid Ali Esq. were nominated on the QAB in their place with effect from August 8, 2023. While Ms. Kauser Safdar re-nominated on the QAB with effect from August 8, 2023.*

** Mr. Azhar Iqbal Kureshi has been nominated as member, AOB. As there will be a conflict of interest he cannot continue on QAB. Mr. Muhammad Shahid Ashraf was nominated on the QAB in their place with effect from September 8, 2023.*

Quality Assurance Department

Present staff composition of the department is as follows:

Name	Designation
Mr. Muhammad Fahad Parvaiz	Head of Department
Ms. Noureen Merchant	Secretary - QAB
Mr. Shaikh Muhammad Yasin	Senior Manager
Mr. Abid Murtazai	Manager
Mr. Muhammad Hannan	Manager
Mr. Adnan Mehmood Khan	Manager
Mr. Arif Hussain	Manager
Mr. Kamran Arif	Manager
Mr. Mohammad Ahsan	Manager
Mr. Ali Irtaza Ismail	Manager
Ms. Anila Rajab Ali	Deputy Manager
Mr. Chandan Kumar	Senior Officer
Mr. Hassan Rasool	Senior Officer
Mr. Abu Bakar	Officer