# PUBLICATION OF FINDINGS AND DECISION OF THE COUNCIL

**November 2025**

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**COMPLAINT NO. 8/585/APR/21/NTH)**

It was noted that a member of the Institute formed a private limited company, a management consultancy practice, with non-members without complying with the requirements of the Directives of the Institute:

- The said company was not registered with the Institute as a management consultancy practice in pursuance of the requirements of Directive 5.02 (Formation of Companies for Management Consultancy);

- The member did not provide an undertaking in respect of his association with non-members in the Company that such non-members would observe the bye-laws and code of professional ethics of the Institute, as per the requirements of Directive 5.01 (Engagement in Management Consultancy business);

- The name of the Company was not in compliance with the requirements of Directive 4.06 (Styling of firms).

Further, the member did not supply certain information called for by the Institute in relation to the matter.

In view of the above, after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by the member during his hearing, the Council decided to hold the member guilty of professional misconduct under:

- Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for:

    a. not supplying the information called for by the Institute;
    b. for not complying with the provisions of the Directives 4.06, 5.01 & 5.02 of the Institute and
    c. for not complying with the fundamental principle stated in paragraph 110.1. A1(e) (Professional Behavior) of the Code of Ethics (Revised, 2019) for Chartered Accountants contained in Directive 6.04 of the Institute.

The Council decided to warn the member under Section 20D of the Chartered Accountants Ordinance, 1961.

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**COMPLAINT NO. 8/639/JUL/24/NTH)**

It was noted that a practicing member of the Institute issued an audit report on the financial statements of a private limited company for the year ended June 30, 2023, wherein the Unique Document Identification Number (UDIN) placed on the auditor's report is invalid upon verification of the same. Therefore, the member has failed to comply with the requirements of the Directive 4.27 *(UDIN)* issued by the Institute, as the UDIN was generated using financial figures that differed from those presented in the audited financial statements.

In view of the above, after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by the member during his hearing, the Council decided to hold the member guilty of professional misconduct under:

- Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the Directive 4.27 *(Unique Document Identification Number (UDIN))* of the Institute and for not complying with the fundamental principles stated in Paragraphs 110.1 A1(a) (Integrity) and 110.1 A1(c) (Professional Competence & Due Care) of the Code of Ethics for Chartered Accountants (Revised 2019) contained in Directive 6.04 of the Institute.

The Council decided to reprimand the member under Section 20D of the Chartered Accountants Ordinance, 1961.

**COMPLAINT NO. 8/637/JUL/24/NTH)**

It was noted that a practicing member of the Institute issued an audit report on the financial statements of a private limited company for the year ended June 30, 2023, wherein the Unique Document Identification Number (UDIN) placed on the auditor's report is invalid upon verification of the same. Therefore, the member has failed to comply with the requirements of the Directive 4.27 *(UDIN)* issued by the Institute, as the UDIN was generated using financial figures that differed from those presented in the audited financial statements.

In view of the above, after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by the member during his hearing, the Council decided to hold the member guilty of professional misconduct under:

- Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the Directive 4.27 *(Unique Document Identification Number (UDIN))* of the Institute and for not complying with the fundamental principles stated in Paragraphs 110.1 A1(a) (Integrity) and 110.1 A1(c) (Professional Competence & Due Care) of the Code of Ethics for Chartered Accountants (Revised 2019) contained in Directive 6.04 of the Institute.

The Council decided to reprimand the member under Section 20D of the Chartered Accountants Ordinance, 1961.

**COMPLAINT NO. 8/588/JUL/22/NTH)**

It was noted with reference to the Quality Control Review (QCR) report of the firm that a practicing member of the Institute, Mr. Nazir Ahmad Chaudhri, FCA [R-0982] conducted audits and issued audit reports for two Large-Sized Companies for the year ended June 30, 2019, and for one Large-Sized Company for the year ended September 30, 2019 (*collectively referred to as "the Companies")*, which were not in compliance with the International Standards on Auditing (ISAs) and the applicable legal and regulatory requirements in Pakistan:

- There were irregularities in the financial statements of the Companies for the year ended June 30, 2019 and September 30, 2019, including non-compliance with the relevant requirements of Fifth Schedule to the Companies Act, 2017 and International Financial Reporting Standards (IFRSs) such as International Accounting Standard (IAS) 1 (Presentation of Financial Statements), IAS 7 (Statement of Cash Flows), IAS 12 (Income Taxes), IAS 16 (Property, Plant and Equipment), IAS 19 (Employee Benefits), IAS 24 (Related Party Disclosures), IAS 37(Provisions, Contingent Liabilities and Contingent Assets) etc. The member failed to address the said irregularities, while conducting the audit of aforesaid financial statements, as per the requirements of the International Standards on Auditing as applicable in Pakistan including ISA 705 (Modifications to the Opinion in the Independent Auditor's Report) and Section 249 of the Companies Act, 2017; and

There are various instances, where, while conducting the audits of the aforesaid financial statements:

- The member failed to follow the applicable requirements of the Auditors (Reporting Obligations) Regulations, 2018 and ISAs such as ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements), ISA 600 (Special Considerations - Audit of Group Financial Statements) and ISA 210 (Agreeing the Terms of Audit Engagements) etc.;

- The member failed to obtain sufficient appropriate audit evidence as per the requirements of the relevant ISAs including ISA 500 (Audit Evidence) regarding various account balances appearing in the statement of financial position, the classes of transactions appearing in the statement of profit or loss and disclosures in the financial statements so as to be able to draw reasonable conclusions for forming an opinion on the financial statements; and

- The member failed to prepare the complete audit documentation in the working paper files, as per the requirements of the relevant ISAs such as ISA 230 (Audit Documentation) etc.

The member failed to comply with the requirements of the relevant laws and regulations and the applicable technical and professional standards including ISAs as applicable in Pakistan while carrying out the subject audits. Hence, he was negligent in the conduct of his professional duties in this regard**.**

In view of the above and after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by Mr. Nazir Ahmad Chaudhri, FCA [R-0982], the Council decided to hold the member guilty of professional misconduct under:

- Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the fundamental principles stated in paragraphs 100.5(c) (Professional Competence and Due Care) and 100.5(e) (Professional Behavior) of the Code of Ethics for Chartered Accountants (April, 2015) contained in Directive 6.04 of the Institute, and

- Clause (5) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for being guilty of an act or default discreditable to a member of the Institute.

The Council decided to reprimand Mr. Nazir Ahmad Chaudhri, FCA [R-0982] under Section 20D of the Chartered Accountants Ordinance, 1961.

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**COMPLAINT NO. 8/640/JUL/24/STH)**

It was noted that a practicing member of the Institute issued an audit report on the financial statements of a private limited company for the year ended June 30, 2023, wherein the Unique Document Identification Number (UDIN) placed on the auditor's report is invalid upon verification of the same. Therefore, the member has failed to comply with the requirements of the Directive 4.27 *(UDIN)* issued by the Institute, as the UDIN was generated using financial figures that differed from those presented in the audited financial statements.

In view of the above, after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by the member during his hearing, the Council decided to hold the member guilty of professional misconduct under:

- Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the Directive 4.27 *(Unique Document Identification Number (UDIN))* of the Institute and for not complying with the fundamental principles stated in Paragraphs 110.1 A1(a) (Integrity) and 110.1 A1(c) (Professional Competence & Due Care) of the Code of Ethics for Chartered Accountants (Revised 2019) contained in Directive 6.04 of the Institute.

The Council decided to reprimand the member under Section 20D of the Chartered Accountants Ordinance, 1961.

**COMPLAINT NO. 8/621/JUL/24/STH)**

It was noted that a practicing member of the Institute conducted the audit of financial statements of a large sized company for the year ended June 30, 2023, despite the fact that his firm did not have satisfactory Quality Control Review (QCR) rating under the QCR Program of the Institute. Therefore, the member has failed to comply with the requirements of the Code of Ethics for Chartered Accountants by providing professional services in respect of the assignment which he was not eligible and competent to perform.

In view of the above, after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by the member during his hearing, the Council decided to hold the member guilty of professional misconduct under:

- Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the fundamental principles stated in Paragraphs 110.1 A1(c) (Professional Competence & Due Care) and 110.1 A1(e) (Professional Behavior) of the Code of Ethics for Chartered Accountants (Revised 2019) contained in Directive 6.04 of the Institute.

The Council decided to reprimand the member under Section 20D of the Chartered Accountants Ordinance, 1961.

**COMPLAINT NO. 8/615/JUL/24/STH)**

It was noted that a practicing member of the Institute, Mr. Maqsood Riza, FCA [R-2245], conducted the audit of financial statements of two private limited companies for the years ended June 30, 2023, however, the member failed to provide audit working papers to support the audit opinion thereon. Therefore, the member has failed to comply with the requirements of International Standards on Auditing (ISA) 230 (Audit Documentation), which requires preparation of audit documentation on a timely basis. Further, it was unclear as to how the member obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement, in accordance with ISA 700 (Forming an Opinion and Reporting on Financial Statements), in the absence of audit documentation.

In view of the above, after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by the member during his hearing, the Council decided to hold the member guilty of professional misconduct under:

- Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the fundamental principles stated in Paragraphs 110.1 A1(c) (Professional Competence & Due Care) and 110.1 A1(e) (Professional Behavior) of the Code of Ethics for Chartered Accountants (Revised 2019) contained in Directive 6.04 of the Institute.

The Council decided to remove the member, Mr. Maqsood Riza, FCA [R-2245], from the Register of Members of the Institute for a period of one (1) year under Section 20D of the Chartered Accountants Ordinance, 1961.

**COMPLAINT NO. 8/584/JUN/19/NTH)**

It was noted that a practicing member of the Institute issued audit reports dated November 14, 2018 and October 20, 2018 on the financial statements of two private limited companies (the Companies) for the year ended June 30, 2018 as per the format prescribed under Section 17A of Companies (General Provisions and Forms) Rules, 1985, whereas, he was required to issue the audit reports as per the format prescribed under the Auditors (Reporting Obligations) Regulations, 2018.

The member submitted that after having a meeting with the management of both the Companies *[as per the requirements of paragraph 14 of International Standard on Auditing (ISA) 560 "Subsequent Events"]*, in order to correct the information regarding the accounting and reporting framework, the management amended the financial statements of the Companies and the member carried out the limited audit procedures and issued the revised audit reports dated November 15, 2018 and October 20, 2018 on the revised financial statements of the Companies.

However, it was noted that the revised audit reports issued on the amended financial statements did not include the 'Emphasis of Matter' paragraph' or 'Other Matter' paragraph referring to a note to the amended financial statements that more extensively discusses the reason for the amendment of the previously issued financial statements and to the earlier audit report(s) issued by him resulting in non-compliance with the requirements of Note (i) of Annexure-I of the Auditors (Reporting Obligations) Regulations, 2018 and paragraph 16 of ISA 560 (Subsequent Events).

In view of the above, after considering the report of the Investigation Committee, the information and evidence available on record, and the submissions made by the member during his hearing, the Council decided to hold the member guilty of professional misconduct under:

- Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the fundamental principles stated in paragraphs 100.5(c) (Professional Competence and Due Care) and 100.5(e) (Professional Behavior) of the Code of Ethics for Chartered Accountants (Revised - April, 2015) contained in Directive 6.04 of the Institute.

The Council decided to reprimand the member under Section 20D of the Chartered Accountants Ordinance, 1961.