



The Institute of
Chartered Accountants
of Pakistan

CA
PAKISTAN

ANNUAL REPORT

INVESTIGATION COMMITTEE

JANUARY TO DECEMBER

2023

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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, 2023 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 Investigation Committee, 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 Investigation Committee. If the Investigation Committee 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 Investigation Committee 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 28, 2023 to December 31, 2023

Sr. No	Name of the Members	Attendance (no. of meetings)	Tenure
1	Mr. Muhammad Ali Latif, FCA*, President	1	Jan. 28, 2023 - Dec. 31, 2023
2	Mr. Asad Feroze, FCA*, Vice President	6	Jan. 28, 2023 - Dec. 31, 2023
3	Mr. Ashfaq Yousuf Tola, FCA	-	Jan. 28, 2023 - May 05, 2023
4	Mr. Farrukh Rehman, FCA	6	Jan. 28, 2023 - Dec. 31, 2023
5	Mr. Mohammad Maqbool, FCA	6	Jan. 28, 2023 - Dec. 31, 2023
6	Mr. Muhammad Danish Noorani, FCA, Independent Member	4	Jan. 28, 2023 - Dec. 31, 2023
7	Mr. Nasimuddin Hyder, FCA, Independent Member	4	Jan. 28,, 2023 - Dec. 31, 2023
8	Mr. Saifullah, FCA	3	Jan. 28, 2023 - Dec. 31, 2023
9	Mr. Shah Naveed Saeed, FCA, Independent Member	6	Jan. 28, 2023 - Dec. 31, 2023
10	Mr. Shahab Sarki, Member	1	Jan. 28, 2023 - Dec. 31, 2023
11	Mr. Zeeshan Ijaz, FCA	5	May. 06, 2023 - Jan. 27, 2023

* The President is the Chairman of the Investigation Committee, however, as per tradition, the President usually does not attend the meetings of the Investigation Committee. Accordingly, the meetings of the Committee are chaired by the Vice President.

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

Movement of Cases

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	85	7	92
Cases held in abeyance	1	-	1
Cases pending due to litigation	2	-	2

Six meetings of the Investigation Committee were held during the year.

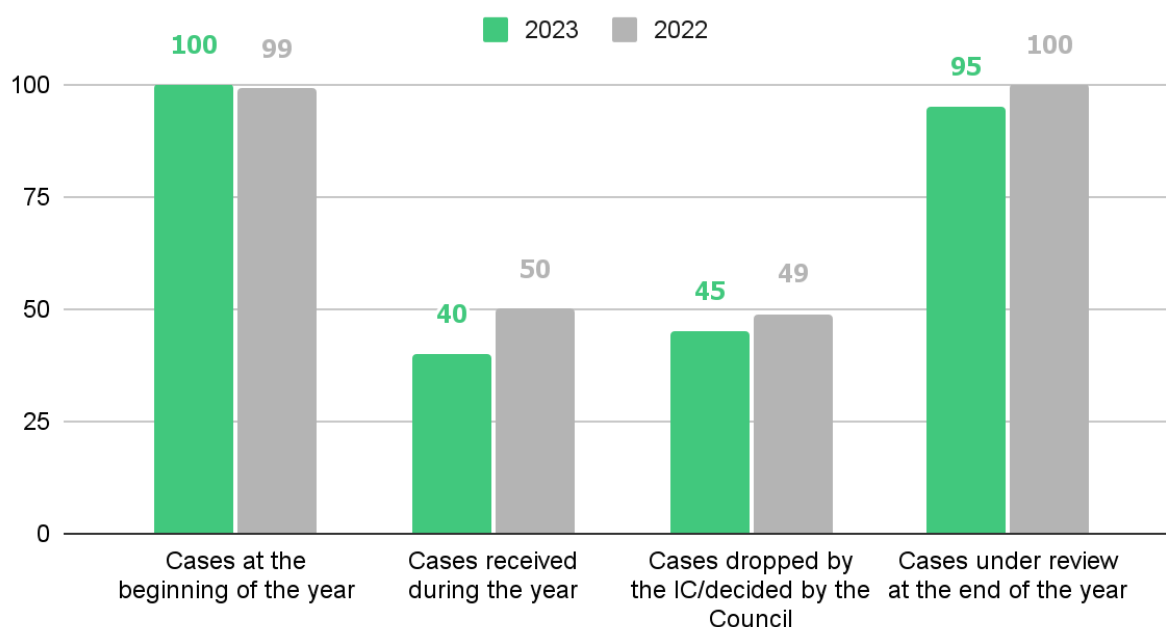
From January 1, 2022 to December 31, 2022

Description	Investigation Committee	Council	Total
Cases at the beginning of the year	82	17	99
Cases received during the year	50	-	50
Cases referred to the Council	(16)	16	-
Cases disposed of	(40)	-	(40)
Cases decided by the Council	-	(9)	(9)
Cases under review at the end of the year	72	24	96
Cases held in abeyance	1	-	1
Cases pending due to litigation	3	-	3

Ten meetings of the Investigation Committee were held during the year.

Summary of Indicators

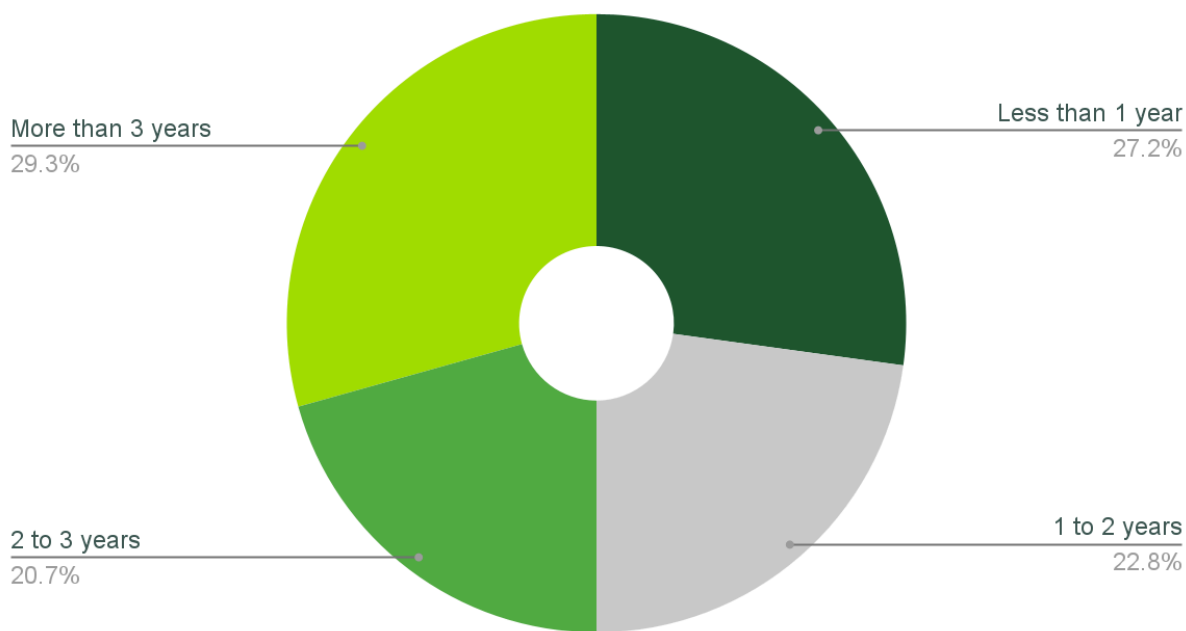
Movement of cases



Orders issued by Council

Nature	No. of cases 2023	No. of cases 2022
Member reprimanded with name	-	01
Member reprimanded without name	10	03
Member warned	-	01
Removal of names from Register of Members	-	01
Student debarred from training	01	-
Cases where member was not held guilty	12	03
Total cases decided by the Council	23	9

Ageing of cases



Description	<1 Year	1 to 2 Years	2 to 3 Years	>3 Years	Total
No. of cases	25	21	19	27	92

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. ENGAGEMENT IN OTHER OCCUPATION

It was noted that a practicing member was engaged in other occupations without the permission of the Council while being a practicing member of the Institute.

II. AUDIT OF A LISTED COMPANY FOR FIVE CONSECUTIVE YEARS

It was noted that a practicing member of the Institute issued audit reports on the financial statements of a listed company for more than five years.

III. PROVISION OF CONTRADICTIONARY AND MISLEADING INFORMATION

- A member furnished contradictory and misleading information to the Institute and failed to exercise due care in this regard.

IV. ISSUANCE OF AUDIT REPORT ON DRAFT FINANCIAL STATEMENTS

A member issued audit report on the draft financial statements of the entity.

V. REVISION OF AUDIT REPORT

A member issued the audit report on the amended financial statements i.e., second set of financial statements without giving the required Emphasis of Matter paragraph or Other Matter paragraph.

VI. 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.

VII. 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:

1. The entity failed to provide disclosure regarding restatements in the account balance "Internal Development" and in the class of transactions "Repair and Maintenance" .

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2. The financial statements of the Companies were in non-compliance with the relevant requirements of Fifth Schedule to the Companies Ordinance, 1984 and IFRSs.
 3. A member failed to follow the applicable requirements of ISAs.

