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PART II

Statutory Notifications (S. R. O.)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

NOTIFICATION

Karachi, the 12th September, 2023

PUBLICATION OF FINDINGS AND DECISION OF THE COUNCIL UNDER SECTION 20I OF THE CHARTERED ACCOUNTANTS ORDINANCE, 1961

S. R. O. 1330(I)/2023.—It was noted with reference to the Quality Control Review (QCR) report of the firm that the audits carried out and audit reports issued by a practicing member of the Institute in respect of two Private Limited Companies (the Companies) for the year ended June 30, 2017 were not in accordance with the International Standards on Auditing (ISAs) and legal and regulatory requirements as applicable in Pakistan:

Price: Rs. 6.00

[1852(2023)/Ex.Gaz.]

- There were irregularities in the financial statements of the Companies for the year ended June 30, 2017 including non-compliance with the relevant requirements of Fifth Schedule to the Companies Ordinance, 1984 and International Financial Reporting Standards (IFRSs) such as International Accounting Standard (IAS) 1 (Presentation of Financial Statements), IAS 16 (Property, Plant and Equipment), IAS 24 (Related Party Disclosures) 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 audit of aforesaid financial statements:

  - The member failed to follow the applicable requirements of ISAs such as ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements), ISA 250 (Consideration of Laws and Regulations in an audit of Financial Statements), 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/balance sheet and the classes of transactions appearing in the profit and loss account 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 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 (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 the member under Section 20D of the Chartered Accountants Ordinance, 1961.

[Ref. No. ICAP/INV/000773/106458.]

ABU TALIB HAIDERI,
Secretary.

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