



**ICMA**INTERNATIONAL  
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QUALITY ASSURANCE BOARD

# ANNUAL REPORT

2023 - 2024



## Overview of the Report

The **Quality Assurance Board (QAB) Annual Report** provides a comprehensive review of the initiatives, activities, and observations undertaken by the QAB at the **Institute of Cost & Management Accountants of Pakistan** during the fiscal year ending **June 30, 2024**. The report focuses on evaluating and enhancing the quality within the audit profession in line with the **Quality Control Review (QCR) Framework**.

This document serves as an insightful resource, offering key findings, predominant observations, and recommendations aimed at driving improvement in audit practices across Pakistan. While this report does not offer assurance on the internal quality control processes of audit firms or their individual assurance engagements, it highlights critical areas requiring attention and improvement, fostering a culture of continuous progress in the profession.

The insights shared in this report are intended to encourage auditors, stakeholders, and firms to embrace proactive strategies that contribute to the overall advancement and robustness of the audit profession.

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## Message from the President

Dear Members and Stakeholders,

It is with great pride and a deep sense of responsibility that I present to you the Annual Quality Assurance Board Report for the year ended June 30, 2024. This report stands as a testament to our unwavering commitment to excellence, integrity, and continuous improvement in the field of cost and management accountancy.

Over the past year, our institute has focused on enhancing the quality and relevance of our services, ensuring that we not only meet but exceed the expectations of our members. The Quality Assurance Board (QAB) has reviewed and assessed the compliance of the financial reporting standards, quality standards, best practices, and performance of the Cost and Management Accountant (CMA) firms. I assure you that the our QAB is dedicated to fostering a culture of excellence and to build trust in the profession.

The regulatory oversight of the QAB has ensured that the CMA firms comply with the requirements and it encourages ethical standards compliance which the auditors must consider during the audit. We have made significant strides in refining our quality standards and practices. This has been achieved through rigorous evaluations and the implementation of best practices that align with global benchmarks of IFAC, IAASB and SECP. The new standards introduced by the International Auditing and Assurance Standards Board (IAASB), ISQM 1 and ISQM 2, focus on quality management and the institute adheres to comply with the said standards.

I am a strong admirer of the fact that Quality Control Review (QCR) supports in developing Risk-based audits and regulatory framework. The QAB has helped the CMA firms to identify and assess potential risks in the areas such as costs management, resources allocation, procedures improvement, operational efficiency, and strict adherence to the financial reporting standards and international standards on auditing. I am of the strong view that the QCR Rating improves the credentials of CMA firms due to the following reasons:

- The QCR rating enhances the firm's credibility and trustworthiness as the CMA firms having consistent satisfactory ratings struggle to improve their processes in accordance with the best acceptable practices.
- The procedures adopted for QCR are to encourage maximum participation of the CMA firms so their assurance obligations meet the acceptable benchmarks of professional practices.
- It improves the competitive advantage of the CMA firms as QCR is a deciding factor for the businesses when choosing between the firms for the purpose of audit or assurance or for provision of any services.
- It boosts compliance and minimizes legal risks and acts as legal scrutiny for the CMA firms.

- It aligns the institute with the international framework of International Federation of Accountants and our counterpart bodies in SAARC region.

In recent years, the National Council (**NC**) of the Institute has played a pivotal role in overseeing the QCR ratings of CMA firms. Their involvement ensures that firms maintain high standards of professional practice, particularly in cost and management accounting. The NC has ensured the appointment of professionally qualified reviewers. Moreover, implementation of the approved QCR program was ensured in a consistent manner and with the use of upside technical skills. The NC has focused on the training program for audit related professional development and in this regard a series of sessions were organized at Karachi, Lahore, Faisalabad, Multan and Islamabad campuses under the leadership of the Chairman QAB, Mr Sajjad Ahmed FCMA, whose insight and direction to the QAB and quality Assurance directorate has been very strategic and apt. I together with his insight intend to dive deeper into exploring further avenues for the betterment and upskilling of our practicing members and for CMA Firms to reap the benefits of Quality Rated firms.

The implementation of the QCR program strengthens our advocacy and representation with the regulatory bodies including SECP, SBP, FBR, relevant ministries and provides a basis for the way forward of the institute.

To conclude, the institute's role in the audit framework is multifaceted, involving the setting of standards, ensuring regulatory compliance, promoting quality assurance, and enhancing the professional competence of CMA firms. Its efforts help ensure that audits are thorough, ethical, and aligned with both national and international standards and to build trust of the industry and society in general.

Thank you for your ongoing support and dedication to the mission of ICMA International. I look forward to the continued success and growth of our profession in the years to come.

Warm regards,

**Shehzad Ahmed Malik, FCMA**

President, ICMA International



## Message from the Chairman Quality Assurance Board

I am pleased to present the Quality Assurance Board (QAB) report for the 2023-24 year.

The Quality Control function for audits plays a critical role in improving audit quality and ensuring stakeholder confidence in the services provided by audit firms. This essential role ensures that audit engagements and reports adhere strictly to International Standards on Auditing (ISA), regulatory requirements, and the firm's internal quality control policies. The Quality Control framework for CMA Firms conducting Audits, Reviews of Financial Statements, Assurance, and Related Services Engagements provides the guidelines that must be rigorously followed.

The audit landscape is rapidly evolving globally, reinforced by the oversight of bodies such as the International Federation of Accountants (IFAC) and the Securities and Exchange Commission of Pakistan (SECP) through their Audit and Supervision Oversight Committee. Audit firms must remain alert and proactive in addressing challenges to maintain audit quality and enhance reporting standards in line with these changing norms. The new standards introduced by the International Auditing and Assurance Standards Board (IAASB), ISQM 1 and ISQM 2, focus on quality management. These standards offer a valuable opportunity for firms to reassess their quality control systems, identify risks affecting audit quality, and implement effective risk mitigation strategies. Training and education for human resources are crucial in meeting these challenges and reducing the overall risk profile.

This report outlines the Quality Control Review (QCR) Program and the activities undertaken by the QAB. It includes a section highlighting key observations from firm reviews during the 2023-24 period. To ensure confidentiality, only aggregated data, trends, and issues are disclosed. I encourage members to explore the core principles behind these observations, which reveal root causes and common areas in need of quality improvement. The primary aim of the Institute's QCR Program is to enhance the quality of Audit Reports and strengthen the public's trust in the accounting profession.

To support CMA practicing members in updating their knowledge, the Quality Assurance Board (QAB) hosted various webinars that included a detailed presentation by esteemed speakers followed by a panel discussion with key figures from ICMA International. The session provided members with a clear understanding of how to prepare files for QCR and align audit practices with the Quality Review Framework. We are delighted to have organized workshops across ICMA International's global campuses for practicing members, focusing on optimizing audit working paper files. These sessions were led by experts sharing insights on enhancing efficiency in this key area of our profession, and similar events are planned for the future.

We also recognized CMA members who participated in the QCR program by awarding timely compliance certificates as a sign of encouragement throughout the review process. While CMA firms still face challenges, such as limited paid-up capital of Rs. 3 million in their initial stages, we remain hopeful for a brighter future. It is essential for CMA members to pursue QCR ratings to regain our standing in the profession, with optimism for better times ahead.

The evolving landscape of audit and assurance requires that firms remain agile and forward-thinking. As standards and expectations grow more stringent, it is vital for firms to not only comply but to actively embrace continuous improvement. The initiatives undertaken by the QAB, from webinars to workshops, demonstrate a commitment to equipping professionals with the tools and knowledge needed to excel. With consistent focus on quality and the active pursuit of growth opportunities, CMA members are well-positioned to not only meet but exceed the standards expected by both regulators and stakeholders. The proactive efforts in quality assurance reflect a shared vision of upholding the integrity of the profession and fostering public trust in financial reporting. I extend my heartfelt thanks to the firms and their teams for their cooperation during the QCR process, as well as to the QAB Secretariat whose dedication made our quality control program successful.

**Sajjad Ahmed, FCMA**  
**Chairman,**  
**Quality Assurance Board**

## About Quality Assurance Board

### Introduction and Brief History

This report, which gives an overview of the Quality Assurance Board (QAB) of ICMA Pakistan, is issued in compliance with Paragraph 73 of Statement of Membership Obligation (SMO)-1, "Quality Assurance."

The concept of a Quality Control Review (QCR) for Cost and Management Accountant (CMA) firms holding a valid Certificate of Practice (COP) from the Institute of Cost and Management Accountants of Pakistan (ICMA Pakistan or the Institute) was introduced by a senior practicing member. This need emerged due to increasing professional competition, advancements in the field, regulatory demands, and the opportunity to register on auditor panels of various regulators in Pakistan, such as the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan (SECP), and others, along with the potential for partnerships with international auditing firms.

The National Council approved the Framework for the QCR Program in its 313th meeting on May 24, 2014, leading to the formation of the Quality Assurance Board.

## Quality Control Review Program Framework

### Objectives

This document outlines the goals and scope of the Quality Control Review (QCR) framework, along with the duties and responsibilities of the QAB, rules, practices, and the QCR process established by the Institute.

### Scope

The framework applies to all practicing CMAs with COPs from the Institute who conduct financial statement audits, cost audits, special statutory audits, tax audits, public sector audits, reviews of historical financial data, and other assurance and related service engagements.

### Quality Assurance Board

The Board comprises 14 members, with the Chairperson being appointed by the Council. The Chairperson cannot be a practicing member or a current Council member.

The Board's composition includes:

- Three members from the Council
- Three members from practicing firms
- Three non-practicing members of the Institute
- Five independent nominees, including:
  - One member from the Securities and Exchange Commission of Pakistan (SECP)
  - One member from the Ministry of Finance
  - One member from the State Bank of Pakistan (SBP)



- One member from the Federation of Pakistan Chambers of Commerce and Industry (FPCCI)
- One member from the Auditor General of Pakistan (AGP)








Additional details:

- The Chairperson must be a member of the Institute.
- Board members are appointed for a three-year term.
- A quorum requires the presence of any five members at a meeting.

## 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), Auditor General of Pakistan (AGP), The Federation of Pakistan Chamber of Commerce and Industry (FPCCI) and the members of the Institute of Cost and Management Accountants of Pakistan.

Name/Designation	
<p><b>Mr. Sajjad Ahmad, FCMA</b> <b>Chairman</b></p>	
<p><b>Mr. Zia-ul-Mustafa, FCMA</b> <b>Member</b></p>	
<p><b>Mr. Ather Saleem, FCMA</b> <b>Member</b></p>	
<p><b>Mr. Awais Yaseen, FCMA</b> <b>Member</b></p>	
<p><b>Mr. Muhammad Imran Afzal, FCMA</b> <b>Member</b></p>	
<p><b>Mr. Muhammad Waqas Khalid, FCMA</b> <b>Member</b></p>	

<p><b>Mr. Shafqat Ali, FCMA</b></p> <p><b>Member</b></p>		
<p><b>Mr. Irfan Farid, FCMA</b></p> <p><b>Member</b></p>		
<p><b>Mr. Qadar Baksh</b></p> <p><b>Member</b></p> <p>Nominated Member from State bank of Pakistan</p>		
<p><b>Mr. Shahzad Afzal Khan, FCMA</b></p> <p><b>Member</b></p> <p>Nominated Member from Securities and Exchange of Commission of Pakistan</p>		
<p><b>Mr. Abdul Hameed Pasha</b></p> <p><b>Member</b></p> <p>Nominated Member from the office of Auditor general of Pakistan</p>		
<p><b>Mr. M.D Nazir</b></p> <p><b>Member</b></p> <p>From the office of FPCCI</p>		
<p><b>Adeel Faisal, FCMA</b></p> <p><b>Member</b></p>		

## Quality Assurance Secretariat

### Mr. Sajjad Ahmed – Chairman, Quality Assurance Board (QAB).



Mr. Sajjad Ahmed FCMA, is a distinguished and legendary figure within the ICMA International community, renowned for his deep commitment to the accountancy profession and his humble, approachable nature. As Chairman of the Quality Assurance Board (QAB), he brings over 32 years of extensive experience in both national and international organizations, complemented by a remarkable set of qualifications including FCMA, ACIS, FPA, MBA, and DTM (USA).

Throughout his illustrious career, Mr. Sajjad Ahmed has demonstrated unwavering dedication to advancing the field of accountancy. He has played a pivotal role in shaping the profession's direction as a former National Council Member of ICMA International. His leadership extends beyond national borders, having served in key roles on various committees within SAFA (South Asian Federation of Accountants), solidifying his reputation as a thought leader across the region. Mr. Sajjad Ahmed's international influence is equally notable, having provided valuable technical expertise as an advisor to prestigious bodies such as the International Federation of Accountants (IFAC) and the International Public Sector Accounting Standards Board (IPSASB) in the USA. His contributions have left a lasting mark on global accounting standards, and he remains actively connected to the IPSAS Board as an esteemed alumnus.

As Chairman of QAB, Mr. Sajjad Ahmed continues to lead with vision, ensuring the highest standards of quality in audit and accountancy practices. His leadership and insights are invaluable to ICMA International and the broader accounting community, both in Pakistan and globally.

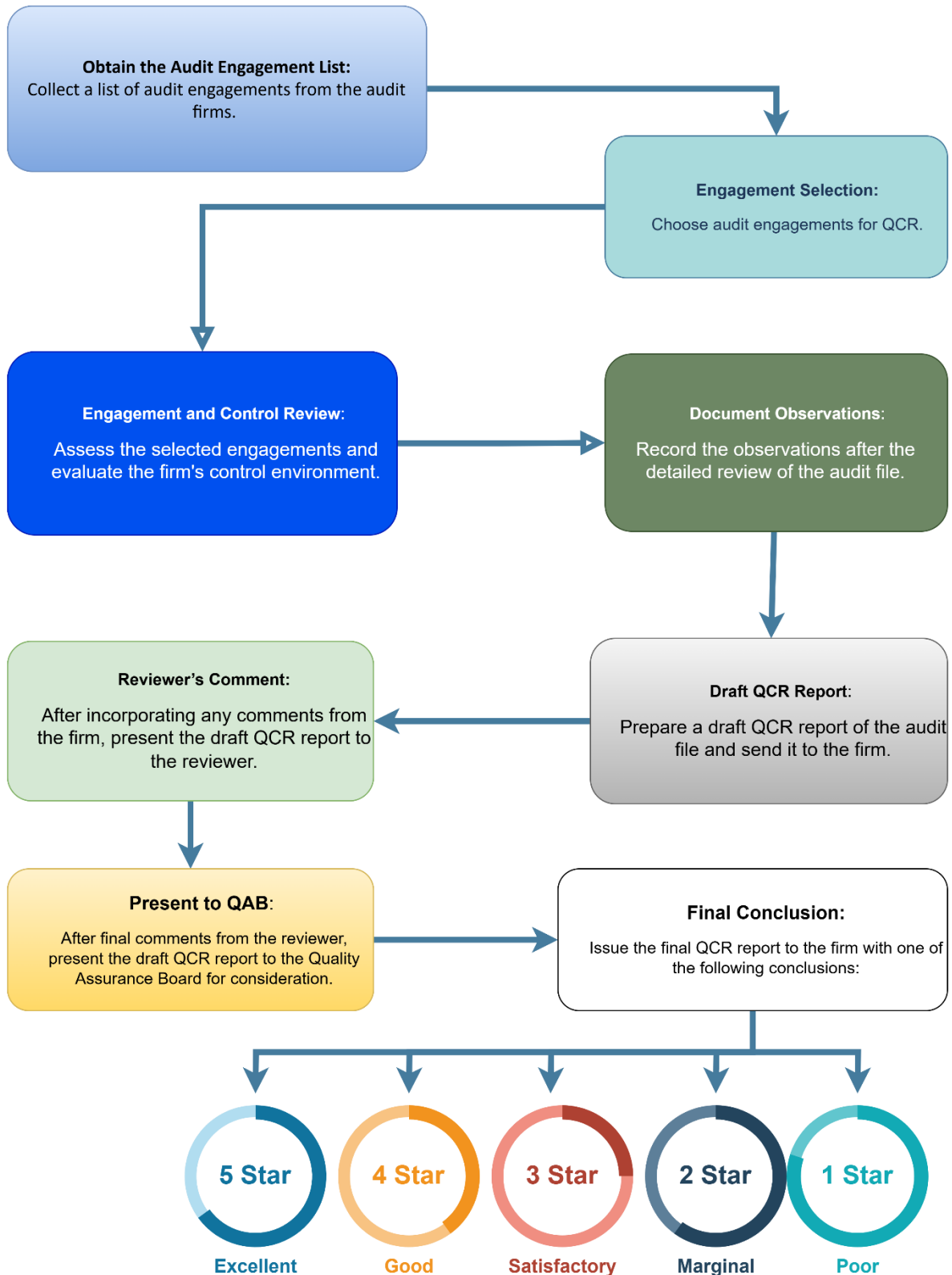
### Nowmitta Jahanzaib, FCMA - Secretary, Quality Assurance Board (QAB)



Nowmitta Jahanzaib, FCMA, is a distinguished leader in audit and corporate finance, with an impressive 27-year career marked by excellence and expertise. As a Fellow Cost and Management Accountant (FCMA), she has held pivotal senior management roles, demonstrating her deep knowledge and strategic insight in the field. Currently, she serves as Head of Quality Assurance Secretariat at ICMA International, where she is serving in the position of Secretary to the Quality Assurance Board (QAB). In these roles, she drives key initiatives and ensures that the organization upholds the highest standards of quality and accountability.

## Steps for Quality Control Review (QCR) Process for CMA Firms

The Quality Assurance Department follows a step-by-step process to review audit engagements and fulfill its responsibilities. The process is as follows:



## Quality Assurance Board

### News Corner

#### Quality Assurance Board held its meetings

The Quality Assurance Board (QAB) of ICMA held its meeting on Zoom. It was an adjourned session. It was chaired by Mr. Sajjad Ahmed, FCMA Chairman QAB who gave a presentation on the progress of QAB activities. Mr. Ather Saleem, FCMA Vice President ICMA, Mr. Shahzad Afzal Khan, FCMA, and Mr. Waqas Khalid, FCMA, were also present. The members gave very insightful suggestions and way forward for QCR and Quality Assurance. Ms. Nowmitta Jahanzaib, FCMA, Secretary Quality Assurance Board convened the meeting successfully.



The Quality Assurance Board (QAB) of ICMA held its another meeting via Zoom, under the leadership of Chairman Mr. Sajjad Ahmed, FCMA. During the meeting, Mr. Sajjad Ahmed, FCMA delivered an insightful presentation highlighting the progress of the Quality Assurance Board (QAB). Attendees included prominent and leading dignitaries and members of ICMA such as Mr. Shehzad Ahmed Malik, FCMA, President ICMA, Mr. Zia-ul-Mustafa, FCMA, Mr. Shahzad Afzal Khan, FCMA, Mr. Aamir Ijaz Khan, FCMA, Mr. Waqas Khalid, FCMA, Mr. Shafqat Ali, FCMA, Mr. Imran Afzal, FCMA. The Board members imparted valuable suggestions and charted a clear path forward for the Quality Control Review (QCR) and the future direction of the Quality Assurance Board. The meeting was convened by Ms. Nowmitta Jahanzaib, Secretary of the Quality Assurance Board, ensuring its smooth and successful execution and accordingly minutes were circulated amongst the board members.



## Quality Assurance Board in collaboration with TSPD Committee organized a workshop on “Ultimate Audit working paper file”

The workshop commenced with the recitation of the Holy Quran, marking a respectful and solemn start to the day's proceedings.

The Chairman of the Quality Assurance Board (QAB) welcomed all participants and briefly highlighted the significance of the workshop in promoting quality compliance and continuous improvement in the auditing process.

Ms. Nowmitta Jahanzaib, FCMA, Secretary QAB, introduced the distinguished trainer Mr. Zahid Farooq, FCMA, FCA acknowledging their expertise and extensive experience in the field of audit and quality control review (QCR).

Mr. Zahid Farooq, FCMA, FCA conducted a highly engaging and interactive workshop session, covering key topics related to audit practices, QCR compliance, and key aspects of the audit file. Participants actively participated, asking questions and sharing insights.

A one-hour break was observed for prayers and refreshment. A lunch was provided, offering participants a chance to network and relax.

Mr. Shehzad Ahmed Malik, FCMA, The President ICMA International also joined the event after the lunch giving a powerful speech about the importance of QCR for their firms and for the betterment of ICMA International.

The second half of the workshop focused on practical audit activities, where participants were engaged in hands-on exercises using their laptops. The trainer guided them through various audit tools and techniques. In the closing remarks, Mr. Sajjad Ahmed, Chairman QAB thanked all participants for their active involvement in the workshop. The Chairman QAB reiterated the importance of maintaining audit quality standards and expressed appreciation for the valuable contributions made by the participants.



The event concluded with the distribution of shields to the trainer and key contributors, followed by a group photo to commemorate the workshop.





## Future strategy

The Quality Assurance Board (QAB) has outlined several strategic initiatives aimed at ensuring continued growth, adaptation to emerging standards, and the integration of quality practices across all areas of the organization. Below are the detailed plans for the QAB's future development:

### 1. Continuous Improvement

The QAB is committed to driving continuous improvement throughout the organization by deploying advanced quality management systems, innovative tools, and refined procedures. These enhancements are intended to elevate the quality of the organization's products, services, and operations. By constantly refining internal processes, the QAB seeks to foster a culture of excellence and adaptability, ensuring that the organization remains at the forefront of quality standards.

### 2. Alignment with Evolving Standards

As quality assurance standards and best practices continue to evolve, the QAB must proactively stay aligned with these changes to ensure the organization remains compliant with national and international requirements. The department will closely monitor regulatory updates and trends, anticipating future shifts and incorporating them into its quality frameworks. This forward-thinking approach will enable the organization to meet new challenges and maintain its commitment to quality excellence.

### 3. Enhanced Stakeholder Engagement

To foster greater collaboration and obtain valuable insights, the QAB will expand its efforts to actively engage key stakeholders—such as employees, practicing members, and external partners—during audits and quality assessments. By incorporating stakeholder feedback into quality reviews, the QAB aims to gain a more comprehensive understanding of the organization's performance. This participative approach will ensure that all aspects of quality are thoroughly examined, fostering transparency and accountability in financial statement audits and other quality control processes.

### 4. Integration with Other Departments

To achieve a holistic approach to quality, the QAB plans to strengthen its collaboration with other organizational departments, such as Research and Development (R&D), Human Resources, and Operations. This integration ensures that quality assurance principles permeate all areas of the business. Close coordination with practicing members and departments will help identify quality concerns early, improve interdepartmental communication, and ensure that the organization's commitment to quality is upheld throughout every stage of the product or service lifecycle.

### 5. Development of New Quality Metrics

In order to better measure and track the organization's quality performance, the QAB will develop new and more sophisticated quality metrics. These key performance indicators (KPIs) will enable more effective evaluation of the organization's success in maintaining high standards. By implementing advanced data analytics and monitoring tools, the QAB will gain deeper insights into quality-related issues, allowing for timely interventions and ongoing performance improvements.

## 6. Expanding the Scope of Reviews

The QAB plans to expand the scope of its quality reviews beyond traditional areas such as audit and tax to include additional aspects of the organization's operations. This broadened scope will encompass associated products, markets, and services, allowing for a more comprehensive quality assurance process. Furthermore, as part of its future development, the QAB plans to conduct Quality Control Reviews (QCR) on Environmental, Social, and Governance (ESG) reporting, recognizing the increasing importance of sustainability, ethical business practices, and corporate social responsibility. This expansion will help the organization stay ahead of stakeholder expectations and regulatory requirements related to ESG, ensuring that the business remains accountable and compliant in these critical areas.