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PIPFA JOURNAL

Pakistan Institute of
Public Finance Accountants

Pakistan Institute of Public Finance Accountants

Vision

"To be a premier professional body that develops distinguished public finance accountants for the corporate and public sectors."

Mission

"To contribute towards continuous development, enhancement and strengthening of the field of accountancy, public finance and audit to support economic growth in the country."

Core Values

- Professional Excellence
- Integrity
- Good governance
- Transparency
- Accountability
- Innovation
- Objectivity

PIPFA JOURNAL

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PIPFA's Membership entails many advantages like: Entitlement to use Designatory letters APFA or FPFA and distinction of membership.

Continuing Professional Development through publications, seminars, workshops etc.

Eligibility for Company Secretary of listed company. Entitlement for qualification pay etc. to PIPFA Public Sector Qualified.

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Pakistan Institute of
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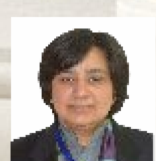

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Messages

President

I am delighted and honored to present PIPFA Journal volume-16 based on an essential topic of Internal Auditing, having deep interest of chief audit executives, audit committee and board members, financial and executive management. An effective internal audit function assists organisations in achieving reliable financial reporting and strong controls to promote confidence and integrity in our society.

There is a need to ensure that internal audit is organized, resourced and empowered so that it can provide competent, impartial and fearless advice to management. In contrast to external auditors, however, our sense is that internal audit is still evolving as a profession and has further to go in promoting its own professional standards and profile in Pakistan.

Job satisfaction is one opportunity that stands out in the field of internal auditing. Personally, this is the most enticing characteristic of any career. Many people start off their career wanting to make a difference, but they quickly get discouraged when their efforts fall short or simply go unnoticed. Internal auditors get the opportunity every day to make a notable difference. They are allies to management in evaluating and improving the effectiveness of risk management, internal controls and governance processes that management has put in place. They must be reliable in their ability to assess key issues. This means, he wouldn't be just another employee, but an integral component of an upper level team.

For internal auditors as a profession, the current environment is an opportunity to cement their presence in corporate Pakistan. The challenges and opportunities for internal audit in this risk-focused environment can perhaps be simply summarized as "looking at the right things, not just doing things right".

We are proud of role of our students and members in the society, and we are especially indebted to the publication team who assembled this wonderful display of talent. I invite you to go through these pages and enjoy the fruits of our members' artistic labors.

Mohammad Maqbool

Chairman Publication & Seminar Committee

It is my sincere pleasure to present 16th Volume of PIPFA Journal, As a professional body, our driving goal is to grow, succeed and become a leader in providing quality professional education that we engage in, whilst adhering to our values of integrity, respect and commitment to excellence.

Currently the responsibilities of internal auditors are increasing from the traditional view of financial audit to risk management issues, performance and compliance issues. Internal auditors need to equip themselves with new skills for them to cope with these changing situations. Internal audit is crucial for enhancement of good public or private sector governance. By providing independent objective assessments of whether public resources are economically, efficiently and effectively used to achieve the set objective, internal auditors assist their organizations to achieve accountability and integrity, improve operations, and instill confidence among citizens and other stakeholders.

The problem is that we reach a point where we think we are "trained" and we sit back proud in the knowledge that we have acquired and exhibited the basic skills necessary to competently discharge the duties of an internal auditor. It is easy to ask little more of ourselves. Even worse, we shower with accolades those who have exhibited a solid understanding and application of those same skills. We are effectively asking no more of those individuals.

As a successful professional and good corporate citizen, we continue to play our role in the economic development of Pakistan. As part of our commitment to an open and constructive dialogue, we also welcome your feedback on any of the topics discussed in the PIPFA Journal.

Finally, our sincere thanks to the members, who submitted their Articles for our consideration and congratulations to the members whose work, is selected; they can be justifiably proud of having their work chosen for publication, and we are happy to acknowledge their achievement.

Khawaja Ehrar ul Hassan

New Face of Internal Audit Function

By: Shahzad Ahmed Chandio, APFA

Globalization of businesses, newly emerging markets, product innovation, challenging cost structures, complex regulations and technological advancement are some of the critical risks in the environment in which today's businesses operate and, are required to manage these risks. The resulting initiatives require internal audit teams to be more broad based and adopt a broad based approach to their planning and execution methodology in order to be effective business partners.

Internal Audit

Internal Audit as defined by the Institute of Internal Auditors (IIA):

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

Internal audit has existed since the beginning of the trade and commerce but the institutional concept of internal audit had historically driven from that of external audit; however, the operational audit was also being made part of earlier in addition to financial audit. External audit provides assurance to the stakeholders that whether the financial statements of an entity are materially misstated or not. Whereas internal audit evaluates and helps in improving the risk management, control and governance process, which ultimately aims at helping in achievement of organizational objectives.

Transformation over the years

Internal audit once was perceived to be a department staffed with hardliners who should be able to find faults in everything that an employee is doing for the good or bad of an organization. World, as for as financial transactions and operational processes are concerned, used to be very simple then. With dramatic changes in technology everything from the process of manufacturing, processing, providing of a services to accounting for all these processes has become more complex and dynamic. As a result the scrutiny of historical data has become less relevant as far as role of internal audit is concerned.

Over the period of years the expectation of those charged with governance and senior management from the internal auditors has changed and the scope of internal audit has widened.

Following concepts, linked to Internal Audit, have changed drastically:

- Finger pointing

Internal audit is no more about finger pointing to the management in order to create a sense of existence within the organization for the internal auditors. The difference of " you and me" has reduced to the extent that internal audit is considered as a coaching rather than fault finding department.

▪ Reviewing the past

The requirement of going an extra mile from preserving value to creating value has created a need for Internal Audit to go beyond just reviewing past activities. Internal Audit is no more about sitting a room and vouching through the transactions of past periods, it is much more participative in what is going on in an organization today and what is going to happen tomorrow.

▪ Compliance and control validation

Though the compliance and evaluation of controls remains one of the functions where Internal Audit has a major role. However, with the evolution of separate compliance function within organizations the role of Internal Audit has shifted from compliance and routine validation of controls to creating business value.

Current IA role

Current role of Internal Audit as an assurance and consulting activity which focuses on evaluating and improving the effectiveness of risk management, control, and governance processes has created the requirements for introduction of various new dimensions to the profession.

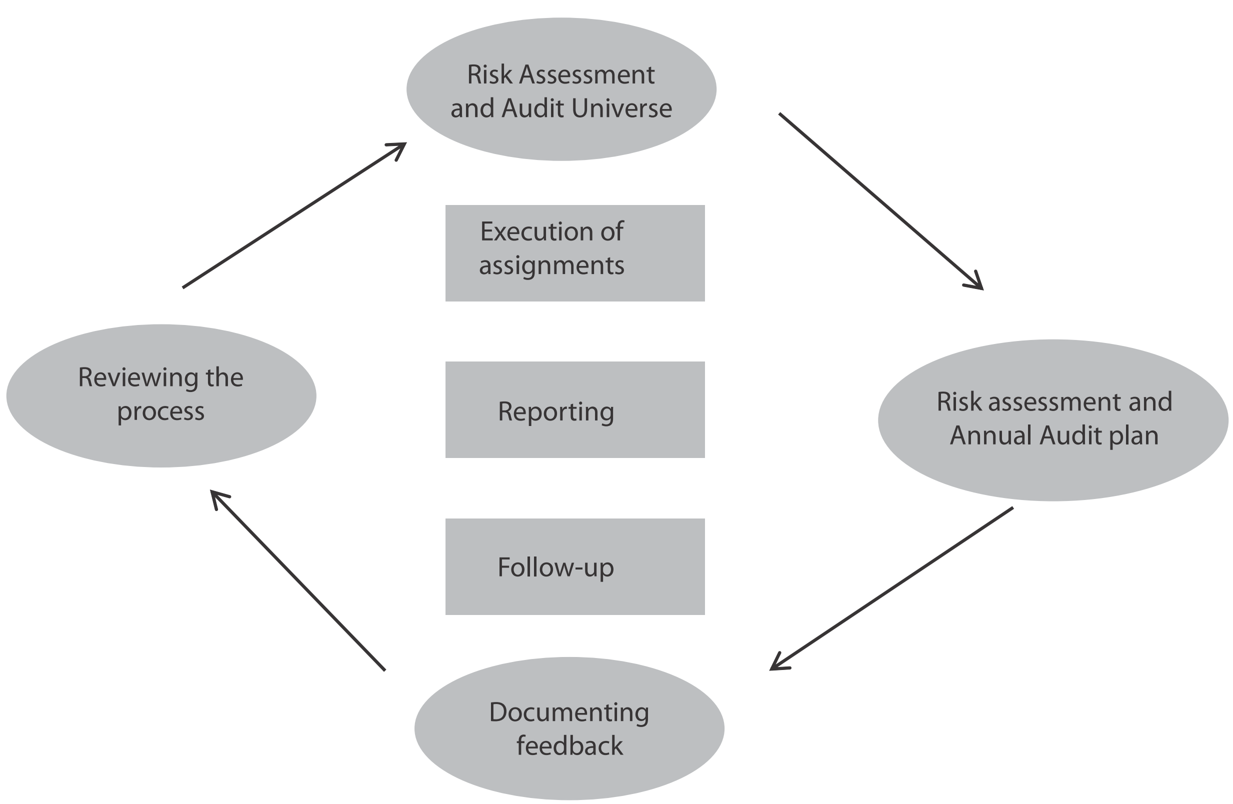
i Assurance coverage

Internal auditors provide the governing body and senior management with comprehensive assurance based on the highest level of independence and objectivity within the organization. Achieving broader assurance coverage at lower cost is one of the objectives that Internal Audit has carried on with over the years.

However, the entire cycle from planning, execution and reporting has changed significantly. The assurance cycle has become a continuum instead of an annual standalone activity:

Assurance coverage of Internal Audit is spread across the vertical and horizontal boundaries of an organization, from the review of financial transactions to the validation of financial and operational controls all comes under the scope of routine internal audit assurance assignments. Certain attributes of Internal Audit which act as its outer space, aligning these attributes and delivering on them is the focus of an internal audit department in today's business environment:

- Quality review
- Strategic alignment
- Risk awareness
- Customer service orientation
- Talent pool
- Technology
- Stakeholder relations
- Cost considerations



ii.Consulting

- Financial consultancy and risk advisory

Invitations are extended for audit to participate in key meetings and serve as a component to key decision making. Chief Internal Auditor and audit teams could be part of various committees as independent risk advisors and reviewers. Internal audit could play vital role in projects such as development or implementation of an Enterprise Resource Planning (ERP) system, implementation of Human Resource Management System (HRMS), adoption of ISO standards and ISO audit, feasibility study for investment in medium to large projects of business, mergers and acquisitions, enterprise wide SWOT analysis, development of enterprise risk register, development of future (five year) plan of organization and so on.

- Fraud investigations

Since Internal Audit is a centralized, independent, and objective function, it is in a prime position to address fraud risk management programs, and to affect change.

Technical expertise is needed in terms of assessing fraud risk, terms of assessing fraud risk, investigation techniques, gathering and maintaining evidence.

Internal Audit's Role

- Help management to identify critical indicators of fraud schemes
- Evaluate gaps in internal controls during the progression of fraud reviews/investigations
- Conduct ad-hoc forensic accounting investigations
- Support the Chief Audit Executive to ensure appropriate communication about fraud issues addressed by Internal Audit to the Board, the Audit Committee and others.

Skills and Competencies

- Professional skepticism

the drive to go deeper through displaying auditor instinct and asking questions: what, why, who, when and how.

- Communication

being able to efficiently express written and verbal ideas to stakeholders. Understanding the auditee's departmental goals, time lines, and barriers, thus increasing their confidence and trust in internal audit.

- Preparedness

being able to quickly react in unforeseen circumstances in creative ways to develop a solution.

- Planning

ensuring a resourceful approach to being fully aware and analyzing readily available information.

- Analytical / critical thinking

applying a critical "approach" to thinking that is holistic, skeptical, analytical, and evaluative to develop well-rounded conclusions and creatively putting it all together in a complete form that provides the best recommendations.

- Data analytics

inspecting, cleaning, transforming and modeling data with the goal of discovering useful information, suggesting conclusions and supporting decision making.

- Business / industry acumen

gaining deep organizational and business understanding to apply judgment, and be able to challenge the business on a broad range of topics. Gaining knowledge of the industry, business trends, and current events to enable effective stakeholder discussions and reflection of knowledge in Internal Audit function's value delivery

- IT knowledge

gaining knowledge of IT invironment in which the organization and the industry operates and being aware of changing environment and its business consequences.

Organizing body and its role

The Institute of Internal Auditors (IIA) is an international professional association which represents it to be profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator. Generally, members work in internal auditing, risk management, governance, internal control, information technology audit, education, and security.

IIAs role starts with the range of professional qualification which it offers and extends to the development of professional framework for the Internal Audit profession.

Source: IIA website

Governing standards

The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance promulgated by

The Institute of Internal Auditors. There are two levels of professional guidance:

Mandatory Guidance

I. Definition of Internal Audit:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

ii.Code of Ethics

The Code of Ethics states the principles and expectations governing the behavior of individuals and organizations in the conduct of internal auditing. It describes the minimum requirements for conduct, and behavioral expectations rather than specific activities.

Internal auditors are expected to apply and uphold the following principles:

1. Integrity

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

2. Objectivity

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

3. Confidentiality

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

4. Competency

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

iii.International Standards for the Professional Practice of Internal Auditing (Standards)

Standards are principle-focused and provide a framework for performing and promoting internal auditing. The Standards are mandatory requirements consisting of:

- Statements of basic requirements for the professional practice of internal auditing and for evaluating the effectiveness of its performance. The requirements are internationally applicable at organizational and individual levels.
- Interpretations, which clarify terms or concepts within the statements.
- Glossary terms.
- Strongly Recommended Guidance

Strongly recommended guidance is endorsed by The IIA through a formal approval process. It describes practices for effective implementation of The IIA's Definition of Internal Auditing, Code of Ethics, and Standards.

The three strongly recommended elements of the IPPF are:

- Position Papers

Position Papers assist a wide range of interested parties, including those not in the internal audit profession, in understanding significant governance, risk, or control issues, and delineating the related roles and responsibilities of internal auditing.

- Practice Advisories

Practice Advisories address internal auditing's approach, methodologies, and consideration, but do not detail processes or procedures. They include practices relating to international, country, or industry-specific issues, specific types of engagements, and legal or regulatory issues.

- Practice Guides

Practice Guides provide detailed guidance for conducting internal audit activities. They include processes and procedures, tools and techniques, programs, and step-by-step approaches, as well as examples of deliverables. Source: IIA Website

- Internal Audit future perspective

Existing in the fast changing business environment the biggest challenge the profession currently faces is whether it is now in a position to add value to an organization. Economic events in the recent history of global financial markets emphasized the importance of management understanding the risks facing an organization and the impact of not implementing an effective risk management process. Internal audit functions historically followed a compliance based approach that adds little value with organizations now facing ever changing risks.

Both the internal audit function and the board of directors should work together and that the internal audit function should assist board members with the risk management process and provide assurance that sufficient measures are implemented to prevent identified risks from becoming a reality and having a lasting negative impact.

Heading in the right direction of alignment with corporate objectives and adding value to the business the Internal Audit function is becoming one of the critical functions finding its justified place within corporate world.

Internal Auditing - is not “Internal”

By: Banti Lal, APFA

ABSTRACT

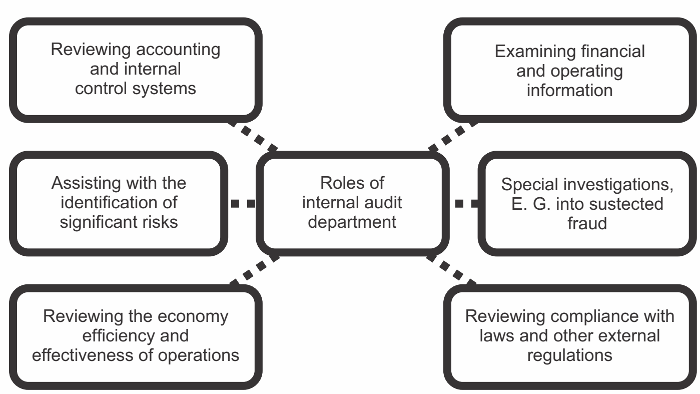
Value for Money (VFM) is the term used to assess whether or not an organization has obtained the maximum benefit from the goods and services it acquires and/ or provides, within the resources available to it. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, resource use, fitness for purpose, timeliness and convenience to judge whether or not, when taken together, they constitute good value. Achieving VFM may be described in terms of the 'three Es' - economy, efficiency and effectiveness.

Value-for-money (VFM) auditing was introduced in the 1970s, also called management auditing, examines the ability of organizations to

discharge their responsibilities and control their costs by ensuring that resources are managed at the lowest cost and that activities are organized efficiently and effectively. It also deals with accountability in these areas. To fully understand the need for VFM auditing in the public sector, the role of financial auditing in the private sector needs to be examined concurrently.

PHILOSOPHY

The philosophy of Internal Auditing states the fundamental purpose, nature, and scope of internal auditing. Internal auditing is an independent, objective assurance



and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Internal Auditing profession evolved steadily with the progress of management science after World War II (from 1939-1945). Theory of internal auditing was conceived primarily by Lawrence Sawyer is known as "***The Father of Modern Internal Auditing***".

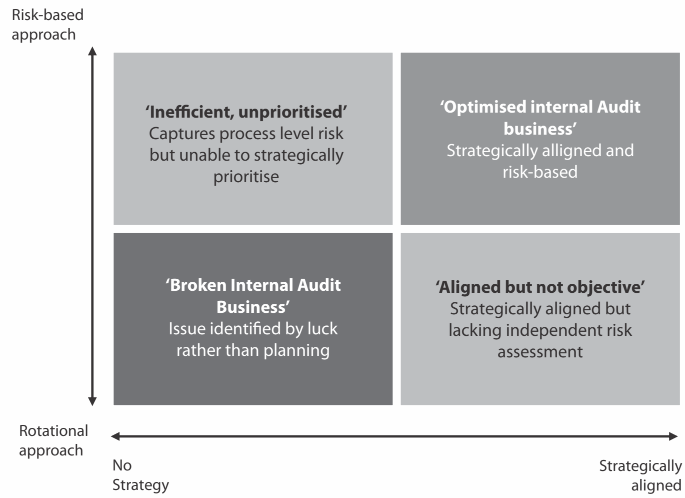
The philosophy of internal auditing is derived from the work of Lawrence Sawyer. He encouraged the modern internal auditors to act as a more desirable auditor involving a stronger relationship with members of Audit Committee and the Board and divorce from direct reporting to the Chief Financial Officer.

SCOPE

Within the scope of internal audit organization's governance, evaluation of risk management process, management controls over efficiency/ effectiveness of operations, safeguarding of assets, the reliability of financial and management reporting, and compliance with laws and regulations is included. Scope aspects of internal audit are broadly covered as follows, not only limited to these but may vary from organization to organization:

Risk Based Audit

An important tool in the internal auditor's toolbox is risk-based audit approach that effectively serves the primary role to provide feedback on the adequacy of internal controls.



A risk-based audit approach is designed to be used to efficiently and effectively focus on those areas that have the most potential for causing material misstatement (s) in the financial report. The risk-based approach requires the auditor to first understand the entity and its environment in order to identify risks that may result in material misstatement of the financial report and then auditor performs an assessment of those risks. The assessment involves considering a number of factors such as the nature of the risks, relevant internal controls and the required level of audit evidence.

The audit scope is adjusted based on all of these factors and gives the internal auditor ability to understand and react quickly to audit committee on concerns regarding risk and audit coverage.

Risk Management Evaluation

Risk management is the process by which an organization identifies, analyzes, responds, gathers information about, and monitors strategic risks that could actually or potentially impact the organization's ability to achieve its desired mission and objectives. Internal audit requires evaluating the effectiveness of the organization's Risk Management activities.

Internal auditor can advise management regarding the reporting of forward-looking operating measures to the Board, to help in identifying emerging risks; or can evaluate whether the management has implemented an effective risk management program

Internal Controls

In my first article under title "Let's Play Risk" published earlier in PIPFA Journal (July-September 2013) issue, wherein the concept of Risk Management including COSO Framework and Internal Controls have been discussed in depth may be referred in connection to this article reading before would results in enhancement of knowledge and further clearance of these concept in specific.

Under the COSO Framework, internal control is broadly defined as a process, affected by an entity's board of directors, management, and other personnel designed to provide reasonable assurance regarding the achievement of the following core objectives:

- Effectiveness and efficiency of operations.
- Reliability of financial and management reporting.
- Compliance with laws and regulations.
- Safeguarding of Assets.

Management is responsible for internal control and internal auditing activity is primarily directed at evaluating those internal controls comprised of five critical components i.e. (Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities) and if not, provide recommendations for improvement.

Pre Audit

A pre-audit is the first step in the process of an audit. During a pre-audit, a company or individual's financial documents and vouchers, contracts, etc., in order to substantiate a transaction or a series of transactions before they are paid for and recorded are examined to ensure that all information is correct before the company or individual undergoes an official audit. Pre-auditing may be used to describe both a single instance of review directly proceeding as well as continuous process of monitoring throughout the year.

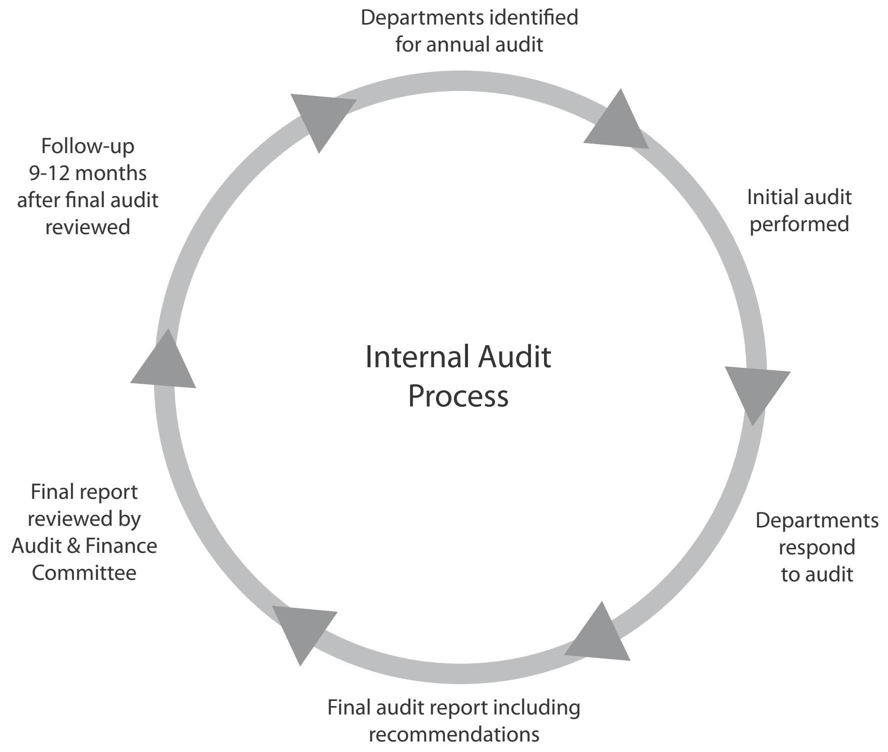
One of the most important aspects of pre-auditing process is the segregation of duties. For instance, payroll checks should be issued by a different employee than the one who approves time cards and cash should not be deposited by the same employee who balances bank statements. Proper segregation of duties will lessen the likelihood of intentional or unintentional abuse or misconduct.

Most critics label pre-audits as intrusive, arguing that the practice disrupts management's operations and places internal auditors at the heart of the transaction processing, thus making them a part of the operations they are supposed to audit.

Counter measure is when doing post-audit, the transaction already pre-audited may be skipped off as already been covered in the scope. However the advantages of pre-audit far outweigh the disadvantages ensure:

- All expenditures are valid
- Reduce the incidence of irregularity
- Confirm the accuracy of the
- All payments are properly authorized before being made
- Expenditures are in accordance with relevant laws and regulations
- Prevent fraud classification and the coding of expenditures and
- Ensure arithmetical accuracy of the transactions is checked.

Pre-audit is not an approval function. It is an advisory activity, designed to help management mitigate risks and ensure compliance with laws, policies, contract terms, etc. Pre-audit is an active prevention and deterrent mechanism which is an absolute necessity for public sector where the fight against corruption remains a major challenge in the absence of an efficient sanctions and recovery system.



A pre-audit is the first step in the process of an audit. During a pre-audit, a company or individual's year. financial documents are examined to ensure that all information is correct before the company or individual undergoes an official audit. Pre-audit may be used to describe both a single instance of review directly preceding as well as the continuous process of monitoring finances throughout the year.

Post Audit

A Post Audit takes place after payment made and is an analysis of much more than simply the numbers match for payment. Pre-auditing is a standard good business procedure that does not take place of or negate the need for a post audit.

A post audit will look beyond whether or not the bills (paying the amount stipulated in the contract or tariff) are being paid correctly. Every payment process should have a through post audit, duplicate payments of billing and errors often not identified by a pre-audit that a post audit will catch.

Reporting

Internal auditor typically issue report at the end of each audit that summarize their findings, recommendations, and any responses or action plans from management. Each audit finding within the report may contain five elements, sometimes called the "5 C's":

1.Condition: What is the particular problem identified?

2. Criteria: What standard was not met? That standard may be a company policy or other benchmark.

3. Cause: Why did the problem occur?

4. Consequence: What is the risk/negative outcome or opportunity foregone because of the finding?

5. Corrective action: What should management do about the finding? What have been agreed to do and by when?

The Chief Internal Auditor (CIA) typically reports issues/ findings to the Audit Comittee along with management's progress towards resolving them. Issues typically have a reasonable likelihood of causing substantial financial or reputational damage to the company. Such reporting is critical to ensure the function is respected, that the proper "tone at the top" exists in the organization, and to expedite resolution of such issues. It is a matter of considerable judgment to select appropriate issues for the Audit Committee's attention and to describe them in the proper context.

AUDIT CHARTER

Building the Internal Audit strategy may involve a variety of strategic management concepts and frameworks, such as strategic planning, strategic thinking and SWOT analysis.

A charter is a formal document that defines the functions of an organization, rules of conduct and establishes an internal audit department for an existing organization. The Internal Audit charter serves as a guide to the Internal Audit Department of the Company in the performance of its duties. It intends s to provide a basis for management and the Audit Committee to use in evaluating the operations of the Internal Audit function.

FOLLOW-UP ON OBSERVATIONS

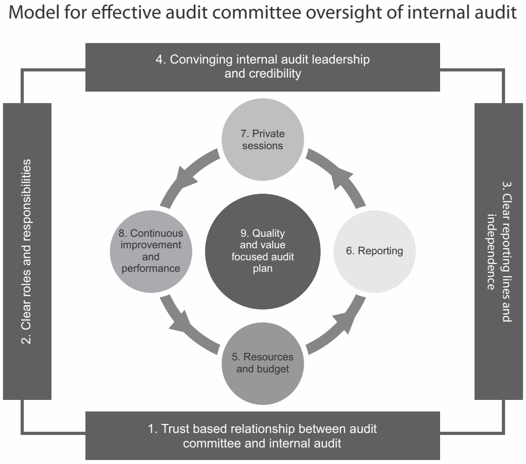
A 'Report of follow-up on audit observations is presented by the Chief Internal Auditor at each scheduled meeting of the Audit Committee of the Board. This report lists the audit recommendations that have not been fully implemented following a Post-Audit Review and takes the form of a color-coded summary of the outstanding issues as follows:

Green: Recommendation is fully implemented

Yellow: Implementation of the recommendation is in progress and a revised date for completion has been agreed.

Red: Recommendation is either not in progress or not fully implemented and 'past due' following a second or later Post-Audit Review. To the extent that past due issues give rise to special concern, a progress report to Audit Committee of the Board may be required.

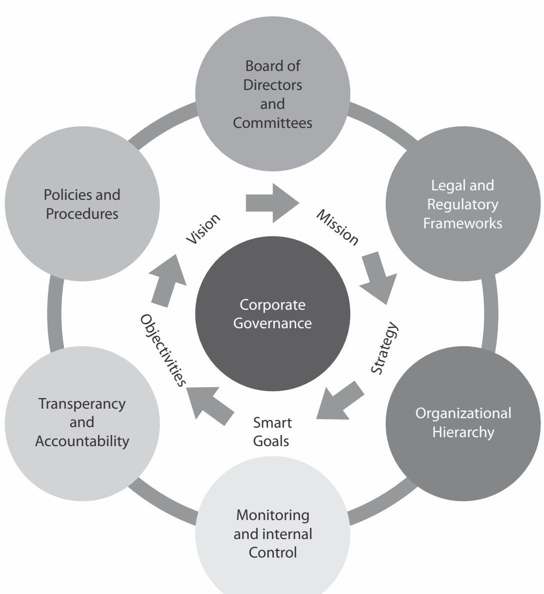
Model for effective audit committee oversight of internal audit



CORPORATE GOVERNANCE (PAKISTAN)

The internal auditor is often considered one of the "four pillars" of corporate governance the other pillars being the Board of Directors, management, and the external auditor. A primary focus area of internal auditing relates to corporate governance is helping the Audit Committee of the Board of Directors perform its responsibilities effectively. In recent years internal audit has advocated more formal evaluation of corporate governance, particularly in the areas of board oversight of risk management, corporate ethics, and fraud.

The Securities and Exchange Commission of Pakistan (SECP) has approved amendments to certain provisions of the 'Code of Corporate Governance' for listed companies. The mandatory condition of appointing an independent director as chairman of the audit committee has been made voluntarily to facilitate companies in appointing suitably qualified non-executive directors as chairmen to the said committee.

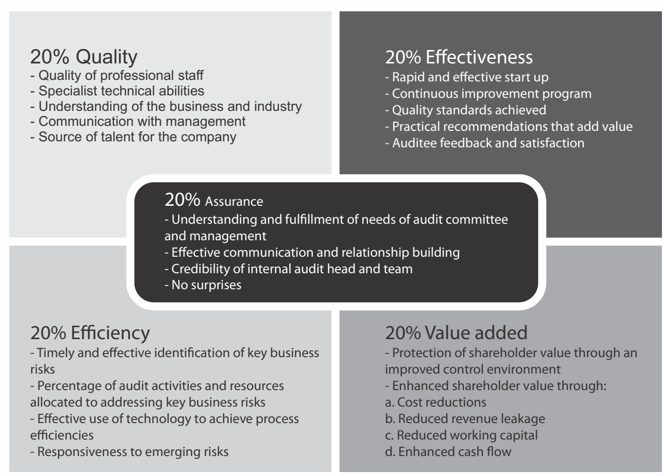


INTERNAL AUDIT

The measurement of the internal audit involves a balanced scorecard approach. Internal audit functions are primarily evaluated based on the quality and information provided to the Audit Committee and top management. Understanding the expectations of senior management and the audit committee designs important steps of a performance measurement process, as well as how such measures help align the audit function with organizational priorities.

Independent peer reviews are part of the quality assurance process for internal audits often required by standards. The resulting peer review report is made available to the Audit Committee.

Balanced score card of key performance indicators for internal audit



CONCLUSION

The increasing pressure on organizations to manage their affairs and risks prudently requires the internal audit to consider challenges of corporate governance. Every challenge however, is an opportunity for internal auditor in the current environment. The challenges and opportunities for internal audit in this current environment can perhaps be simply summarized as ***"looking at the right things, not just doing things right"***.

Risk Based Internal Auditing

By: Omer Farooq Azim, APFA

Background

The focus on risk management has increased in recent years due to various factors such as globalization, advancement in risk management techniques, regulatory requirements and changes in technology. As a result effective risk management is now seen as an integral part of good corporate governance practice. While the responsibility for identification and management of the risks being faced by an entity is that of its management, the internal audit function is responsible for providing assurance that the risk management processes are operating effectively.

Introduction to Risk Based Internal Auditing

The Institute of Internal Auditors (IIA) defines risk based internal auditing (RBIA) 'as a methodology that links internal auditing to an organization's overall risk management framework. RBIA allows internal audit to provide assurance to the board that risk management processes are managing risks effectively, in relation to the risk appetite.' From this definition it is apparent that the internal audit function needs to adapt its audit methodology to the risk management framework of the organization in order to implement RBIA.

Historically, internal audit has focused on extensive/ full scale transaction and internal control testing, checking accuracy and reliability of accounting records and financial reports and compliance with legal and regulatory requirements. However, this approach by itself does not provide any assurance on the effectiveness of the overall risk management framework within the organization. Further with the increased focus on risk management in the present era, it is essential that the scope and extent of internal audit work be redefined in order to evaluate the effectiveness of the risk management and internal control system of an organization. To achieve this objective, it is essential that a risk based audit methodology be adopted. Under risk based audit approach, the focus will shift from the present internal audit method of extensive transaction testing towards risk identification, prioritization of audit areas and allocation of audit resources in accordance with the risk assessment.

It is pertinent to mention here that RBIA is separate from the Risk Management Committee/ Risk Management function of an entity. The Risk Management Committee/ Risk Management function is concerned with the identification, measurement, monitoring and reporting of risks, formulation of policies and procedures, use of risk management tools/models, etc. The risk based internal audit, on the other hand, undertakes an independent risk assessment in order to formulate a risk-based audit plan keeping in view the inherent business risks of an activity/process and the effectiveness of the control systems for monitoring and mitigating the inherent risks of the business activity/process.

Implementation of Risk Based Internal Auditing (RBIA)

The implementation of the risk based audit methodology in an organization can be divided into the following stages:

- Understanding the Business Environment
- Risk Assessment
- Development of a risk based Audit Plan
- Execution of the Audit Plan
- Reporting and Follow-up

Understanding the Business Environment

For effective risk-based auditing, it is essential for the internal auditor to begin the planning process with a thorough understanding of the business process/activity under review. In addition to feedback from management and the audit committee, business objectives are reviewed, specific risks that could hinder the achievement of those business objectives are identified, and the internal controls established by management to mitigate these risks are evaluated.

Risk Assessment

The purpose of the risk assessment process is to determine the 'audit universe' i.e. the auditable areas/activities within the organization and assess the level of risk and adequacy of controls in such areas/activities for the purpose of developing a risk based audit plan. The risk and control assessment is carried out through an audit risk rating model/methodology. The risk rating model could be quantitative, qualitative or a combination of the two. There is no prescribed standard methodology for conducting the risk assessment with organizations using a wide variety of tools ranging from simple risk assessment matrices to comprehensive entity-wide risk assessment workshops involving process owners and internal auditors. The risk rating model should be developed by the internal

audit function keeping in view the size, nature and complexity of the organization and approved by the Board of Directors.

For each auditable business area/activity, the risk assessment process should consider the relevant risk factors such as:

- Volume of transactions
- Prior Audit Observations and compliance status
- Time since last audit
- Significance of the business area/activity to the organization
- Complexity
- Variations from budgeted performance
- Change in business unit focus e.g. new product or business line
- Environmental factors e.g. new regulations, industry trends
- Changes in people/systems within the area/activity

Once the risk factors have been identified, it is necessary to use these in combination with the control environment assessment via a risk rating model/methodology to arrive at an overall risk score for the business area/activity For an accurate risk assessment, it will be necessary to have a broad MIS and data integrity. The internal audit function should also be updated regarding developments such as introduction of new products, organizational restructuring, changes in policies etc. The risk assessment should be conducted at least on a yearly basis. The assessment should also be periodically updated to factor in events such as changes in business environment, activities and work processes, etc.

A basic example of risk assessment of a business area using an audit risk rating model is shown below:

Audit Risk Rating Methodology:

Each auditable area in the organization has been rated for various risk factors and each risk factor has been assigned a numeric rating of 1 to 3 indicating:

1-Low Risk
2-Moderate Risk
3-High Risk

The numbers so assigned to each risk factor were aggregated to determine the overall risk rating for every business area which indicates the extent of focus required for audit purposes as indicated below.

Risk Factors

Business Area	Volume of transactions	Prior Audit Findings	Time since last audit	Significance	Complexity	Changes in People/Systems	Control Environment Assessment	Overall Risk Rating
Investments	02	01	01	03	03	01	01	12

Overall Risk

Rating Range	Risk Category
0-7	Low
8-14	Moderate
15-21	High

Development of A Risk Based Audit Plan

Based on the risk assessment process as outlined above that classifies the auditable business areas on a low to high risk criteria, an annual audit plan is established. The annual audit plan, approved by the Board, should include the schedule and the rationale for audit work planned. It should also include all business areas and their prioritization based on the risk assessment. The business areas or activities with high risk rating should normally be audited at shorter intervals as compared to medium or low risk areas, which should be audited at longer intervals depending upon management and Board expectations and regulatory requirements as applicable. The audit plan should be revisited during the update phase of the risk assessment process and adjustments should be made based on new or changed risk factors. This methodology allows the internal auditor flexibility in a changing risk environment.

Execution of The Audit Plan

The implementation of the Audit Plan is carried out by internal audit staff as per the timelines indicated in the Plan using standardized audit programs. Again, the risk rating will determine the scope and extent of required audit procedures for each auditable business area e.g. the audit of a high risk business area/activity will normally require extensive audit procedures.

Reporting and Follow-up

At the conclusion of every audit, a draft report is issued to operating management for devising corrective action plans. The draft report should include observations and recommendations along with risk ratings. High risk would imply immediate corrective action by management is required to prevent significant risk of loss; moderate risk would indicate that timely remedial action by management is suggested; and low risk would mean that while there does not appear to be an immediate risk of loss, corrective action would represent an improvement to the existing internal control system.

The draft report is issued to facilitate communication between the internal auditor and operating management in the audit results and recommended solutions. Corrective action plans by operating management should comprise of specific actions to address the findings and recommendations, along with identification of the person(s) responsible for the same and an estimated completion date. In reviewing these, the internal auditor should determine that the identified risk will be adequately addressed and the completion timeline is reasonable.

A final report is issued to include the internal auditor's findings and recommendations, as well as management's corrective action plans. This report is usually presented to the Audit Committee for its review and the Chief Audit Executive/Head of Internal Audit obtains any necessary feedback in respect of the same.

The internal audit function will also periodically provide a monitoring report to the senior management and the Audit Committee which can be utilized to track prior period internal audit findings, follow up on the status of corrective action and review the resolution of all significant findings. Follow-up reporting should continue until the satisfactory resolution of all issues.

Conclusion

Risk based internal audit unlike conventional internal audit is continuously evolving and there are issues such as different approaches to risk assessment and difficulties in assessing effectiveness of an audit plan that is continuously modified in line with the periodic risk assessment. Risk based internal audit's great strength lies in its ability to provide assurance to both the Board and management regarding the adequacy and effectiveness of the risk management processes within the organization. In a rapidly changing business environment where the significance of risk management is growing and there are greater expectations of internal audit by all stakeholders, the internal audit function needs to move from a control centric mindset to a risk centric one so that it can maintain its relevance in both the risk management and assurance domains.

The Role of Diversified Internal Audit (IA) Functions;

By: Kashif Ahmed Siddiqui, APFA

The internal audit (IA) function concept generally not well understood in the developing countries, the internal auditor or the function of internal audit is given relatively little "low weightage" in the organisation by the majority of entrepreneurs even they mix it up with external audit.

Because, generally the internal audit function brings not much value addition (few exceptions are there, such as multinational/ big national companies have well performing IA function) in their business rather the IA function performs only financial checks and not more than it, there are so many reason of it, including the lack of awareness of the internal audit function and scope, in many countries including Pakistan there is no specific local standards, qualification available even no separate subject in the syllabus to focus the internal audit.

The independent and effective internal audit (IA) function is very vital and rigours tool of the management, when the internal auditing is accepted and acknowledged by an organization's top leadership as a management activity, internal auditors can fulfil their most fundamental role supporting management and the board in achieving organizational objectives. A capable internal audit professional bring to the table objectivity, integrity, expertise in communication, the ability to identify enterprise wide risks, and the skill to assess the effectiveness of controls put in place by management to mitigate those risks which may become potential obstacles in achieving the organisational tangible intangible objectives and goals.

The alerts generates from IA functions provides the opportunity to the management to take the proactive actions and make timely and appropriate changes, adjustments in their strategic and operational plans, policies and procedures.

The cost cutting is also a feature of the effectively operating internal audit activity, such as identification of the systems' loopholes and weakness which might attract the peoples in or outside the organisation for pilferages, misappropriation of authorities & funds, conflicts of interest etc. The effective and independent IA function, may reduce burden of the various probes, investigations, external and government audits etc. which normally an organisation may face.

Locally there are no complete internal audit guidelines available in Pakistan; however the IIA (Institute of Internal Auditors) USA, has issued a comprehensive framework, which defines the internal Audit "The internal audit is an independent, objective, assurance and consulting activity that adds value to and improves an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

According to the IIA's definition of IA the independent and competent IA function provides the value-added services, which are essential to efficient and effective organizational management. The IA Function /activity also provides reasonable assurance to management and the BOD/ audit committee that the all activities and operations are performing, resources are utilized in accordance with defined plans, further the risks are identified, understood and managed appropriately to keep them within the appetite level. The one important role of the independent IA function is to promote the ethical culture within the organisation.

The organisations should introduce and promote an effective "whistle blowing policy" and ethical culture among their employees, train them to sustain, so that they could get more benefits of independent and effective internal audit function in their organisations.

To enjoy the benefits of the internal audit function, it is primary requirement that the function of the internal audit should be independent without any interference in their functions, to ascertain the independence of the IA the BOG (or any other appropriate managing body such as board of trustees/ BODs etc.) should ensure;

- To establish an audit committee, that comprising on non executive (paid) directors

- Define the internal auditors role and responsibilities through a internal audit charter/ manual

- Selection and composition of audit staffs through in source or outsource, the audit staffs should be very competent and well known of specific industry practices to carry out the IA function smoothly (because the internal auditors shall be responsible to test and evaluate the all policies, procedures, processes, functions and operations of the organisation, therefore they should be competent in accounting, finance, business management & Laws, engineering, IT, fraud examinations, internal controls etc) or the management may consider the hiring of services of experts to support the IA staff in such special area of audit in which the internal audit staff has no expertises. However the every IA staffs should be proficient to perform the internal audit function.

- The audit programme should be based on the potential risk

- The IA should classify and select the frequency of audit (high risk areas should be considered for more frequent testing and evaluation, where as other areas may less) ideally, it is appropriate that every operation /department should be tested in once in the year, if heavy cost is not involved, however the management should decide the audit on the bases of prior cost verses benefit analyses.

- The head of IA should report functionally to the BOD/ BOG (Audit Committee) and must have free access to them.

- The competency of audit staff (s) should be considered before assigning the special area of audit and make available expert in/outsourced services if required.

- Prior to commencement of audit the audit programme and budget should be approved the audit committee

- The audit report should be submitted to the audit committee members monthly or at any appropriate intervals

- The queries raised and suggestion made by CAO (Chief Audit Officer) if attainable, should be supported by the BOD/audit committee.

- The Audit function should be free from interference by any side in the organization, in the matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude

- Internal auditors must have no direct operational responsibility or influence over any of the activities audited. Accordingly, they will not implement or execute internal controls, build up procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment; however the internal auditor shall test, verify these activities and may make their suggestions for development or improvement them (as and when needed).

13. No internal auditor can perform an assurance services for those activities for which he/she has previously been responsible within one year period in the same organisation. The entire audit functions should perform their activities ideally in conformance with the framework and the guidelines issued by the IIA, or otherwise an organisation should approve the internal audit charter and guidelines keeping in the view of internal audit.

- definition issued the IIA and, their specific need, complexity, legal requirements, fostering ethical culture and best industry practices.

The internal audit function requires hiring of very competent internal audit staff thus before hiring the services of the IA staff minimum these qualities should be considered;

- Competency in internal audit function
- Very good communication, & presentation skill
- Courteous
- Diversity of knowledge
- Integrity
- Continuing learning and development
- Team building
- Specific industry knowledge

Some benefits of the effective and independent internal audit function;

- Brings Systematic discipline
- Evaluation and identification of positional risk
- Promotes ethical culture in the organisation
- Value addition in the operation
- Evolution of Efficient utilization of resources
- Increases goodwill of the organisation
- Guides management to improve week areas
- Aid to preventing a loss of assets and resources
- Helps management to ensuring reliability of financial reporting system, and in complying with laws and regulations
- Invisibly it is very helpful tool of the management, because the IA functions helps the management to utilize optimum use of resources, the organisations increases profits and contributes in economy in shape of best returns to factor of productions against their inputs and taxes to the government.

In the Pakistan since the implementation of Code of Corporate Governance it became a legal compulsion for every public listed company that they must establish and internal audit function for their organisations, therefore the carrier opportunities in the internal audit profession are high. Therefore the respected Pakistani professional bodies should develop and implement the comprehensive guidelines and standards to more strengthen the internal audit function. Further the internal audit should be added as a separate subject in their syllabus so that the internal audit became a more effective and efficient to better serve the economy of Pakistan

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Dear Valued Member / Students,

PIPFA Journal is the Official Publication of the Institute and is being published to keep abreast its members and students with the latest developments in Accounting Industry.
We would welcome articles from our valued members and students for forthcoming issue.

Possible Categories:

- Post Budget
- Economic Challenges
- Fraud awareness
- Economic Development
- Privatization
- Inflation

The articles may be from anyone of the above categories, kindly send us your articles on or before July 25, 2015 so that they can become part a part of the PIPFA Journal.
Articles received after due date will be used for the successive volume upon approval of the Publication committee.

Members & Students are requested to send their articles at the earliest at following email addresses:
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I'm sincerely looking forward to receiving articles.

Thank you

Publication & Seminar Committee.

PIPFA
JOURNAL

Implementing Enterprise Risk Management

By: Muhammad Faizan Motiwala, APFA

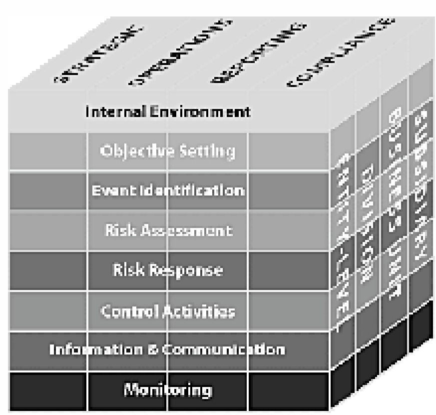
What is ERM?

There has been an increasing Concern for risk management in recent years. A series of prominent business failures and scandals globally triggered a need for a robust Risk management framework to effectively identify, access and manage risks in an organization.

An Enterprise Risk Management can be defined as "A process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives".

ERM – Integrated Framework RM (COSO)

In 2001, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) initiated a project to develop a framework which can be used by the management of companies to evaluate their risk management function. This was termed as "Enterprise Risk Management – Integrated Framework"



This framework can be explained in three dimensions which are shown above, They are:

1)Organizational Objectives.

This Enterprise Risk Management - Integrated framework (COSO) is designed to achieve an entity's objectives, set out in four categories:

- Strategic – Long term goals, aligned with and supporting its mission.
- Operations – efficient and effective use of its resources.
- Reporting – reliability of reporting.
- Compliance – with applicable laws and regulations.

2)Components of Enterprise Risk Management.

Enterprise risk management consists of eight interrelated components. These components are:

- *Internal Environment* – The internal environment includes tone of an organization, and sets the foundation for how risk is viewed and addressed by the entity, which includes its philosophy of risk management, integrity, ethical values and risk appetite.

▪ *Objective Setting* – ERM ensures that entity has in place a process to set objectives that align with the entity's mission and are consistent with its risk appetite. All employees must understand the entity's objectives as it relates to their individual function.

▪ *Event Identification* – All events Internal and external, affecting achievement of an entity's objectives must be identified, distinguishing between risks and opportunities. Opportunities are channeled back to management strategy.

▪ *Risk Assessment* – This Include analysis of Risks, considering likelihood and the potential impact, as a basis for determining how they should be managed.

▪ *Risk Response* – Management select Set of Actions as a result of the risk - E.g: avoidance, acceptance, mitigation, or sharing of risk. The company must perform cost-benefit analysis of each risk strategy and select the ideal strategy for each risk.

▪ *Control Activities* – Policies and procedures are established and implemented to help ensure that the risk responses are effectively carried out. The company must develop a Risk and Control Matrix to map all the risks with relevant controls.

▪ *Information and Communication* – Timely and Accurate information is identified, recorded, and effectively communicated throughout the entity to enable people to carry out their responsibilities effectively.

▪ *Monitoring* – To ensure that all the components of ERM continue to function at all levels. All Activities are monitored and modifications made as necessary. A large number of KPIs (Key performance Indicators) and Risk Scorecards can be developed to monitor different types of risks.

3)Levels of Business Organization.
The third dimension this Framework shows level of implementation of Enterprise Risk Management at various levels that is of a business unit, division, subsidiary or entire organization.

Key Success Factors for Implementing ERM
An ERM Implementation project will help an entity in enhancing business processes and control over the business, reducing losses and penalties, improving reputation, and securing information. The Key Success Factors for implementation of ERM includes:

▪ Clearly defined goals and objectives.

▪ Established sponsorship or senior management.

▪ Agreed risk management strategy between the audit committee and management aligned to the organizational structure.

▪ Link to performance measures and compensation

▪ Established audit committee who will usually delegate day-to-day governance through an oversight structure that includes a Chief Risk Officer.

▪ Appropriate technology and Effective systems providing access to information about risk identification, assessment and solutions to support the risk management process.

Key Benefits from ERM
A successfully Implemented ERM project would yield the following benefits to the entity:

▪ Awareness and identification of risk increase.

▪ Cross-enterprise risk identified and accounted for.

▪ Coordination across business units for more effective mitigation of Risk.

▪ Complete/consistent risk information flowing across organization.

▪ Common risk language established throughout an entity.

▪ Enterprise Risk Management protects and enhances Shareholder value.

IAASB Proposes Changes for Reporting on Special Purpose Financial Statements

The International Auditing and Assurance Standards Board® (IAASB®) released proposals to enhance auditor reporting on special purpose financial statements. The Exposure Draft includes changes proposed to ISA 800, *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*, and ISA 805, *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*.

Reporting on special purpose financial statements is linked to the recently issued new and revised Auditor Reporting standards, in particular ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements* and new ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*. As such, the IAASB has amended ISA 800 and ISA 805 to provide guidance on how the enhancements to the auditor's report would apply in audits of special purpose financial statements. These amendments are limited to auditor reporting and are not intended to substantively change the underlying premise of these engagements in accordance with the extant ISAs.

IAASB Issues Final Standards to Improve Auditor's Report

New and Revised Standards Establish 'Step Change' in Auditor Reporting

The International Auditing and Assurance Standards Board® (IAASB®) released its new and revised Auditor Reporting standards, designed to significantly enhance auditor's reports for investors and other users of financial statements.

"These changes will reinvigorate the audit, as auditors substantively change their behavior and how they communicate about their work," explained Prof. Arnold Schilder, IAASB Chairman. "Informed by extensive research and global outreach to investors, regulators, audit oversight bodies, national standard setters, auditors, preparers of financial statements, audit committee members, and others, the final International Standards on Auditing (ISAs) represent a momentous—and unprecedented—first step. Now, we must study, promote, and plan for the effective implementation of the new and revised standards."

"The IAASB has responded to calls from investors and others that it is in the public interest for an auditor to provide greater transparency about the audit that was performed," added Dan Montgomery, former IAASB Deputy Chair and Chair of the Auditor Reporting project. "Increasing the communicative value of the auditor's report is critical to the perceived value of the financial statement audit."

The most notable enhancement is the new requirement for auditors of listed entities' financial statements to communicate "Key Audit Matters"—those matters that the auditor views as most significant, with an explanation of how they were addressed in the audit. The IAASB has also taken steps to increase the auditor's focus on going concern matters, including disclosures in the financial statements, and add more transparency in the auditor's report about the auditor's work. Information about the enhancements to auditor reporting and the ISAs that are affected can be found in the Auditor Reporting Fact Sheet.

"The introduction of Key Audit Matters for listed entities is a significant enhancement that will change not only the auditor's report, but more broadly the quality of financial reporting—and therefore the informative value to investors and other key stakeholders," said Linda de Beer, IAASB Consultative Advisory Group (CAG) Chair. "The IAASB CAG, with its diverse membership base, has unanimously supported and encouraged the IAASB's formidable leadership in effecting these changes."

The new and revised Auditor Reporting standards will be effective for audits of financial statements for periods ending on or after December 15, 2016. "While culminating an intense effort over the past six years, the release of the final standards is by no means the end of the IAASB's work on the topic of auditor reporting," noted Kathleen Healy, IAASB Technical Director. "It is essential that the board and staff continue to promote awareness of these standards and facilitate their effective implementation."

To this end, the auditor reporting section of the IAASB's website has been redesigned and updated, debuting the first components of an "Auditor Reporting Toolkit." Additional resources will be subsequently released, so users should visit the website frequently to stay abreast of the latest guidance and resource materials. The IAASB also plans to undertake a post-implementation review, which will be critical in assessing whether the standards are achieving their intended effects and whether further changes to auditor reporting are needed in the public interest.

PSASB Publishes IPSASs on Accounting for Interests in Other Entities

The International Public Sector Accounting Standards Board® (IPSASB®) has published the following five International Public Sector Accounting Standards™ (IPSASs™):

- IPSAS 34, Separate Financial Statements;
- IPSAS 35, Consolidated Financial Statements;
- IPSAS 36, Investments in Associates and Joint Ventures;
- IPSAS 37, Joint Arrangements; and
- IPSAS 38, Disclosure of Interests in Other Entities.

These five standards will replace current requirements in:

- IPSAS 6, Consolidated and Separate Financial Statements;
- IPSAS 7, Investments in Associates; and IPSAS 8, Interests in Joint Ventures.

A key part of the IPSASB's strategy to develop high-quality public sector financial reporting standards is to maintain existing IPSASs. IPSASs 6, 7, and 8 are based on International Financial Reporting Standards (IFRSs). Because the underlying IFRSs have changed, the IPSASB has developed IPSASs 34-38 so that convergence with the related IFRSs is maintained to the extent appropriate. These IPSASs also incorporate important guidance to make them appropriate for application in the public sector.

"These five IPSASs establish requirements for how public sector entities, including governments, should account for their interests in other entities," said IPSASB Chair Andreas Bergmann. "Accrual-based accounting practices provide a comprehensive picture of the financial performance and position of public sector entities. Appropriate accounting for interests in other entities is an important aspect of this comprehensive picture."

The following highlights particular aspects of each IPSAS:

IPSA34, Separate Financial Statements

The requirements for separate financial statements in IPSAS 34 are very similar to the current requirements for separate financial statements in IPSAS 6.

IPSA35, Consolidated Financial Statements

IPSAS 35 supersedes the requirements in IPSAS 6 regarding consolidated financial statements.

IPSAS 35 still requires that control be assessed having regard to benefits and power, but the definition of control has changed and the standard now provides considerably more guidance on assessing control. The definition of control focuses on an entity's ability to influence the nature and amount of benefits through its power over another entity. This new definition of control may impact previous assessments of control, and therefore whether certain entities should be consolidated.

IPSAS 35 introduces the concept of "investment entities," which may be applicable to some sovereign wealth funds. Generally, an investment entity measures its investments in controlled entities at fair value through surplus or deficit. After thorough consultation, the IPSASB decided, for public sector specific reasons, that an entity which controls an investment entity should retain this method of accounting for an investment entity's investments in its consolidated financial statements, regardless of whether it is itself an investment entity.

In contrast with IPSAS 6, IPSAS 35 no longer permits an exemption from consolidation for temporarily controlled entities. Consistent with the IPSASB's policy of reducing unnecessary differences between IPSASs and Government Finance Statistics reporting guidelines, the IPSASB has aligned the principles in IPSAS 35 with the Government Finance Statistics Manual 2014 (pre-publication draft) where feasible.

IPSAS 36, Investments in Associates and Joint Ventures

IPSAS 36 explains the application of the equity method of accounting, which is used to account for investments in associates and joint ventures. The requirements are very similar to the current guidance in IPSAS 7. Because equity accounting must now be used when accounting for joint ventures, the title of the standard now also refers to joint ventures.

In contrast with IPSAS 7, IPSAS 36 does not permit a different accounting treatment for temporary investments.

IPSA37, Joint Arrangements

IPSAS 37 establishes requirements for classifying joint arrangements and accounting for those different types of joint arrangements. Joint arrangements are classified as either joint operations or joint ventures. In a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. In a joint venture, the parties to the arrangement have rights to the net assets of the arrangement. These classifications differ from IPSAS 8, which referred to three types of arrangements (jointly controlled entities, jointly controlled operations, and jointly controlled assets).

IPSAS 37 requires that an entity account for its interest in a joint operation by recognizing its share of the assets, liabilities, revenue, and expenses of the joint arrangement. It also requires that joint ventures be accounted for using the equity method. Previously, IPSAS 8 permitted jointly controlled entities to be accounted for using either the equity method or proportionate consolidation.

IPSA38, Disclosure of Interests in Other Entities

IPSAS 38 brings together the disclosures previously included in IPSASs 6–8. It also introduces new disclosure requirements, including those related to structured entities that are not consolidated and controlling interests acquired with the intention of disposal.

MOU Between PIPFA & ACCA Pakistan

Pakistan Institute of Public Finance Accountants (PIPFA) has signed a Memorandum of Understanding with ACCA Pakistan in a ceremony held at Audit & Accounts Training Institute (AATI), Lahore.

At the ceremony Mohammad Maqbool, President of PIPFA stated, “This initiative shows that ACCA recognizes the importance of collaborating with other national professional accountancy bodies as this would maximize opportunities for all finance professionals and would afford individuals who are capable to pursue a globally relevant qualification to enhance their future career prospects.”

Sajjeed Aslam, Head of ACCA Pakistan, highlighted that, “It is important that professional accountancy bodies develop the profession within the country. The public sector is the backbone of the country so it is important for professionals to have the right skill set and ACCA will work with PIPFA to ensure the capacity building of accountants.”

MOU were signed in presence of Muhammad Sharif, Vice President PIPFA, Shahzad Raza Syed, Director General AATI & Member PIPFA BOG, Mr. Sajid Hussain, Member PIPFA BOG, Mr. Usman Ahsan, Member PIPFA BOG, Mrs. Rozina Muzammil, Executive Director PIPFA, Mr. Faisal Azeem, Head of Education North and Ms. Sabahat Khan, Business Relationship Manager Learning, ACCA Pakistan.

Seminar on " Examination Techniques"

PIPFA Karachi, Islamabad & Faisalabad Branch Committees have organized seminar in the association of PIPFA Secretariat on Examination Techniques. Guest Speakers guided the students about techniques of solving the paper and how to overcome general mistakes made by students in answering the questions. The response from the students was quite encouraging. A large number of students of different levels attended the sessions. Students' queries were responded and they took full advantage of the session and appreciated PIPFA's initiative for such sessions and expect the same in future as well.

The Seminars were ended with the distribution of souvenirs to Guest Speakers and Guests of Honor.

KARACHI

ISLAMABAD

FAISALABAD

PIPFA Launching New Syllabus From Winter 2015

Pakistan Institute of Public Finance Accountants has undertaken reforms in to Education & Training scheme to meet the global challenges and for strengthening the knowledge and skills of Public Finance Accountants so that they are able to cope up the emerging need of accountancy profession. The Institute has revamped its syllabus for Corporate Sector students which will be effective from winter 2015 session. The New Syllabus is comprised of 12 subjects in four Levels with contents to enhance the competency of PIPFA professionals and to align the PIPFA Course of Studies with IFAC recommendations by introducing "Audit, Assurance and Ethics" at Final Level.

The first Level of new course of studies will continue to be Computer based which offers flexibility to students to qualify the exams at their own pace and desire.

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