

PIPFA JOURNAL

Vol: 18, Reg. No. MC-1112
January - March, 2016

Educational Reforms



**Pakistan Institute of
Public Finance Accountants**

Our Vision:

To be a premier professional body that develops distinguished Public Finance Accountants for the corporate and public sectors.

Our 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.

Our Core Values:

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

PIPFA JOURNAL

Vol: 18, Reg. No. MC-1112

January - March, 2016

Contents

Why PIPFA?

MESSAGES:

President	3
Chairman, Publications & Seminar Committee.....	3

ARTICLES:

Educational Reforms	4
Literate Pakistan - where we stand?	6
National Education Policies of Pakistan - A Critical View.....	9
Educational Reforms in Pakistan - Building for the Future	12
Importance of Educational Reforms	14
Regeneration of the Education Structure	16
Why the Audit Profession Must Evolve or Die?	17

TECHNICAL UPDATES:

• International Federation of Accountants (IFAC)	19
• PIPFA's Merit Certificate Holders Winter Exam 2015.....	20

PIPFA NEWS:

• PIPFA - CIPFA MoU Ceremony and Public Financial Management Conference	21
• Career Counseling Seminars.....	23
• Seminar on Improving Resume Writing and Interviewing Skills.....	24
• Seminar on Corporate Taxation and Provincial Sales Tax.....	24
• Seminar on Examination Techniques.....	24
• 22nd Annual General Meeting.....	24

PUBLICATION COMMITTEE

Mr. Usman Ahsan	Chairman
Mr. Imran Iqbal	Member
Mr. Sarmad Ahmad Khan	Member
Mr. Waqar Ali Khan	Member

Compiled by: Mr. Zubair Muhammad & Ms. Sania Ahsan

PIPFA's Membership entails many advantages like:

- Entitlement to use Designatory letters APFA or FPFA and distinction of membership.
- Continuing professional development through publication, seminars, workshops etc.
- Eligibility for chief financial officer or company secretary of listed company.
- Entitlement for qualification pay etc. to PIPFA Public Sector qualified.
- Opportunities to inter-act at the national level with elite accounting community.
- Exemptions in examination of ICAP, ICMAP, CIPFA-UK, CIMA-UK, ACCA etc.
- Professional activities like election of representatives etc.
- We are also pursuing Higher Education Commission of Pakistan to grant PIPFA qualified/members equal to B.Com Graduate.
- Dealing also with Federal Board of Revenue (FBR), Pakistan to allow PIPFA members for Tax Practicing.

Salient features of PIPFA Qualifications:

- On qualifying Final stage, one may apply for the management level jobs like Financial Advisor/Financial Officer.
- Elevation in Auditor General of Pakistan for BPS-17 is possible after qualifying PIPFA.
- Students may join Audit firms as Audit Trainee or internship in Financial Institutes / Organizations.

HEAD OFFICE:

M1-M2, Mezzanine Floor,
Park Avenue, 24-A, Block 6,
PECHS, Shakra-e-Faisal,
Karachi.
Tel. : 021-34380451-52
Fax : 021-34327087
E-mail : pipfa@pipfa.org.pk
Website : www.pipfa.org.pk
For Feedback: crd@pipfa.org.pk

LAHORE OFFICE: 42 Civic Centre, Barkat Market, New Garden Town, Lahore.

Tel.: 042-35838111, 35866896 | Fax: 042-35886948 | E-mail: pipfalhr@pipfa.org.pk

ISLAMABAD OFFICE: House No. 2-A, Street 14, Kohistan Road, F-8/3, Islamabad

Tel. : 051-2851572 | E-mail : pipfaisl@pipfa.org.pk

FAISALABAD OFFICE: Ajmal Centre-1, 289-1, Batala Colony, Faisalabad.

Tel. : 041- 8500791, 041-8530110 | E-mail : pipfafsd@pipfa.org.pk

VIEWS EXPRESSED HERE DO NOT NECESSARILY REPRESENT THE OFFICIAL POLICY OF THE INSTITUTE



PAKISTAN INSTITUTE OF PUBLIC FINANCE ACCOUNTANTS

BOARD OF GOVERNORS



Mr. Muhammad Sharif
President
(Elected Member)



Mr. Imran Iqbal
Vice President
(Nominee of AGP)



Mr. Raheel Asghar Ginai
Secretary
(Nominee of ICMAP)



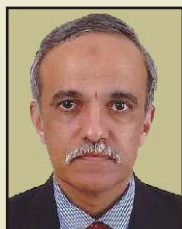
Mr. Sarmad Ahmad Khan
Treasurer
(Nominee of ICAP)



Mr. Usman Ahsan
Joint Secretary
(Elected Member)



Mr. Mohammad Maqbool
Member
(Nominee of ICAP)



Mr. Masood Akhtar
Member
(Nominee of ICAP)



Mr. Waqar Ali Khan
Member
(Nominee of ICMAP)



Mr. Sajid Hussain
Member
(Elected Member)



Mr. Shahid Nadeem
Member
(Nominee of AGP)



Ms. Fauzia Saleem Khan
Member
(Nominee of AGP)



Sayyid Mansoob Hasan
Member
(Nominee of ICMAP)

STANDING COMMITTEES

Executive Committee

Mr. Muhammad Sharif	Chairman
Mr. Imran Iqbal	Member
Mr. Raheel Asghar Ginai	Member
Mr. Sarmad Ahmad Khan	(Member
Mr. Usman Ahsan	Member

Board of Studies

Mr. Usman Ahsan	Chairman
Mr. Mohammad Maqbool	Member
Mr. Raheel Asghar Ginai	Member
Mr. Imran Iqbal	Member
Syed Ahsan Aman	Member
Mr. Nazim Raza	Member
Mr. Iftikhar Ahmed	Member

Examination Committee

Mr. Imran Iqbal	Chairman
Mr. Mohammad Maqbool	Member
Mr. Sajid Hussain	Member
Mr. Raheel Asghar Ginai	Member
Ms. Fauzia Saleem Khan	Member

Regulation & Disciplinary Committee

Sayyid Mansoob Hasan	Chairman
Mr. Sajid Hussain	Member
Mr. Shahid Nadeem	Member

Publication & Seminar Committee

Mr. Usman Ahsan	Chairman
Mr. Imran Iqbal	Member
Mr. Sarmad Ahmad Khan	Member
Mr. Waqar Ali Khan	Member

Technical Committee

Mr. Mohammad Maqbool	Chairman
Sayyid Mansoob Hasan	Member
Ms. Fauzia Saleem Khan	Member
Mr. Sarmad Ahmad Khan	Member
Mr. Usman Ahsan	Member

President



I am honored and privileged to present PIPFA Journal Volume 18. I deeply acknowledge the contribution of my predecessor and the members of the Board of Governors.

I believe that education plays a vital role in achieving the country's vision of attaining of the status of a fully developed nation in terms of economic development, social justice and spiritual, moral and ethical values, towards creating a society that is united, democratic, liberal and dynamic. The objective of education should be to realize the full potential of the individuals and fulfill the aspiration of our nation. The education system should work for creative thinking and mental building of students. Inequalities in the country exist not only between rural-urban areas and public-private education institutions, but also there are gender and socio-economic conditions that result to disparities in the delivery of quality learning opportunities. Our education system warrants immediate structural reforms and over hauling.

To understand the issue of quality education we should look at education as a system with all its independent components: inputs process, output and feedback. Under the inputs we have students as raw inputs and curriculum, learning materials, teachers, principals and other educational resource persons, learning facilities and environments as instrumental inputs. The second components process is where all inputs interact in the process of learning to reach end goals and objectives. The third component, output, is the process of interaction among the inputs, which can be seen from the students' improved performances in terms of cognitive, Effective, psychomotor domain. Feedback mechanism is another important component of the education system that will give us information on how the system succeeds or fails in achieving goals and objectives.

Professional and vocational education must be given priority. All the stakeholders i.e. Teachers, educationist and potential employers should be consulted while devising any plan, syllabus or policies. The state seems to have given up its primary responsibility and is relying on private sector. It is high time to impose education emergency in education sector. The Govt. should allocate at least 4% of GDP to education sector. Burdening students with so many books will not work as they will not understand what the world is going to do next moment. Education is the only cure of the instability and extremism in the state and can bring revolution through evolution, by creation of the culture of tolerance, humbleness and ethical values.

Muhammad Sharif

Chairman Publication & Seminar Committee



It is my immense pleasure and honor to present you the 18th volume of our Journal on the theme of Educational Reforms. I am grateful to the Board for entrusting me the responsibility to work for this Committee. I am thankful to the members who have contributed articles for this journal and our entire team for their untiring efforts and hard work.

In order for any nation to succeed, the literacy and education dissemination needs to be optimized. Having a history of 69 long years, our country still lags behind in fulfilling the right to education for children from age five to age sixteen under Article 25A of its Constitution. This must be the foremost priority of our Governments and a state of education emergency should be declared all across the country. An educated, skilled be that technical, vocational or professional society plays a pivotal role in economic development and progress of the country besides eliminating social injustices and inequality,

It is our collective obligation to educate our next generations into informed citizens, introducing them to the best that has been thought and said, and instilling in them a love of knowledge and culture for their own sake and for the sake of our society. However, education must inculcate the practical aspects for targeting results business of ensuring that young people receive the preparation they need to secure a good job and a fulfilling career, and have the resilience and moral character to overcome challenges and succeed.

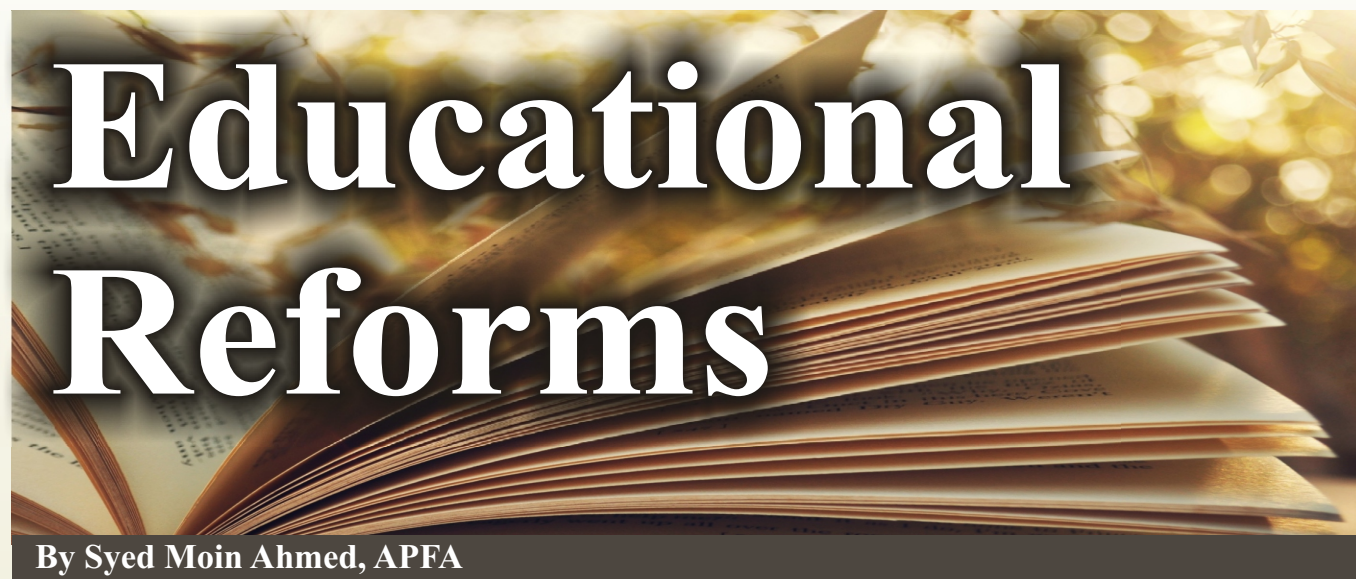
Education is the engine of our economy, it is the foundation of our culture, and it's an essential preparation for adult life. Delivering on our commitment to social justice requires us to place these objectives at the heart of our education system.

This is the commitment which has been at the heart of the government's program of reform. It is a pleasure to share the beliefs of so many dedicated professionals and experts and also guides us to implement the changes we have discussed.

The reforms required in the education system of Pakistan cannot be done by the government alone, public-private participation and a mix of formal as well as non-formal education can pull out majority of country's population from illiteracy. Similarly, to make the youth of the country an asset, attention should also be paid to professional and technical training.

The work we can do together to create opportunity for all students will determine not only the kind of economy we have, but also the kind of country we will be, and the kind of people we will be, whether we will become the nation we ought to be. I hope we can come together, and join in this work together. Education is the path to equality and opportunity that is at the heart of the country's dream.

Usman Ahsan



By Syed Moin Ahmed, APFA

Do you know where Pakistan stands in the rankings of literate countries? The answer is 180th position. (United Nations Educational, Scientific and Cultural Organization 2014 report)

The history of Pakistan tells us that our education system was severely dented in the following two regimes;

1. A lot of damage happened as a result of the ill-conceived educational policies of the 1970s i.e. to nationalize the education sector of Pakistan. On one hand, it caused administrative mayhem and led to teachers' revolt in government schools, while on the other, it effectually destroyed most of the inexpensive non-elite private schools which were imparting English medium education to the middle and the lower middle class. This was perhaps done intentionally which can be gauged from the fact that only schools for the children of the less-privileged were brought under the ambit of the state while institutions where the well-heeled educated their children were spared these machinations.
2. The other fatal blow to the education system of our country came from the Martial Laws from 1978 to 1988 that implemented the 'Urdu-only' policies for government schools. This decisively demolished the ladder to the progress of the lower strata of society.

The term "educational reforms" is widely spoken in the educational awareness seminars, educational reform committees and at various stages and spheres of government and private policy makings. Despite spending sizeable chunk of the budgets on the said issue, we are still having difficulties to reap the true benefits. This is because, the underlying concept behind the term is never understood and the same has not been implemented in its true letter and spirit.

This article is a small effort to create awareness regarding the concept and implementation of the reforms.

Educational reform is the name given to the goal of changing public education.

We can stratify the people of Pakistan in three broad categories;

- a) **Elite class**, with superior access to every education institution.
- b) **Middle class**, trading off their comfort to acquire higher education.
- c) **Lower class** (the majority) not interested at all in any sort of formal education.

A certain level of education is the same for everyone regardless of their desire or reach in order to dwell in a society. Due to the existing imbalances in this sector, we have to tailor our educational reforms that can effectively and impartially uplift the standards of all levels of education i.e. apart

from general reforms there must be some specific reforms for specific categories.

Before discussing the specific reforms for specific categories, a few of the general reforms could be as follows;

- i) Ensuring the mandatory provision of fair and equal opportunity of higher secondary education to all the citizens of the country,
- ii) Restructuring the existing quota system of the provisions to ensure that the under privileged provinces such as Balochistan, FATA and PATA are provided more seats in the Post Secondary educational institutions in the country. Besides, quota should also be provided for underprivileged students in each and every educational institution be it private or public without affecting the provincial autonomy, bringing about a unification of education boards and departments of all the provinces to ensure an equal standard of quality education country wide. This unification and harmonization between the boards amongst the provinces and the boards of education within the provinces will pave way to a collective effort to bring educational reforms all at the same time and pace. Forming a central computer database of all the students across Pakistan under a specific authority such as NADRA so that all the activities such

as verification and attestation of educational credentials, issuance of duplicate marks sheets and other related tasks could be made simple, hassle free and authentic. This will save data redundancy at all institutions level and also facilitate the students. At the same time, it will help the policy makers in getting accurate database of literacy levels and chalk out better and optimum educational reforms in the areas where these are needed the most,

- iii) Imparting education is a social service of the private sector and hence must not be merely treated as a commercial venture. Public education by the relevant governments is also a social responsibility and must be fully owned. The primary purpose of private educational institutions must not be to increase the wealth of the shareholders but rather to deliver quality education. It should be mandated by the government that only 10% of the net profit can be distributed by the shareholders whereas the rest shall be reinvested in the institutions and used for the quotas of the underprivileged, scholarships and the training of teachers and other related activities.
- iv) There must be a properly defined fee structure. e.g. if a school offers hi-tech computer lab facility, it may charge some extra fee subject to a maximum limit. That means if any institute want to increase fees, it must have provided proper facilities. However, the fees slabs must be defined by Government in consultation with the representatives of Private School, Parents and Professionals of the field. At present there is no check on fees.
- v) Every educational institution from private and public sector should be subject to external audit and evaluation to ensure transparency.

Teachers are the back bone of the education system as they are at the delivery point. Hence a lot of investment is required for the training, development and retention of teachers. The pay structure of private and public schools teachers should be rationalized and private coaching be discouraged at all levels.

Complete revision of study courses in order to make them up to date with current trends and international standards on the one hand, and more inclusive of all the requisite syllabus to meet the religious, social, national, scientific, research and all other needs of the students.

Pakistan being a Muslim majority country, must implement an educational system that has strong roots with our religion. Islamic studies should be compulsory not only for government schools, but also for private schools. The true spirit of Islam and the teachings of our Holy Prophet Muhammad (PBUH) should be provided in the curriculum. The syllabus of Islamic study should be designed in such a way that it eliminates the need for students to seek Quranic education separately. This will also reduce the burden on the parents yet providing avenues for more Islamic scholars to be inducted in educational institutions.

There is a need for practical trainings for the students and that can only be down on a widespread level through the educational institutes. Just like there used to be NCC training, we can introduce further physical trainings on combat for the children, trainings on social work, trainings on relief activities in case of natural disasters etc. This will help us in building a more proactive and sustainable nation.

The state can legislate that every commercial/manufacturing organization which houses more than 100 children of it's employees and is situated in an industrial estate away from educational institutions, shall either arrange for pick and drop facility for the children to go to school or establish in house schools that provide higher secondary education as part of their corporate social responsibility..

Specific Reforms;

- a) **Elite class, with superior access to every education.**

It is obvious that the elite class has abundant resources to deploy on the education of their children. For this purpose, they do not have any boundary and can afford to send their children abroad for higher education and at the top ranking international and national schools locally. This class can somewhat manage the

educational reform in its own peculiar way and the policy makers should exclude this class and its related elite educational institutions from the reforms agenda and so will we not discuss further on this area.

- b) **Middle class, trading off their comfort to acquire higher education.**

Majority of the population of Pakistan belongs to this category. This mass is striving hard to uplift their standard of living through acquiring higher and professional qualifications.

Students among this class must be provided with scholarships, educational soft loans with easy installments after getting jobs as is the case in the developed countries such as USA and Canada. Additionally, the government could chalk out a strategy to provide tax incentives and concessions to the parents of school going children, provide saving schemes for higher education through the National Savings Program and also encourage education fairs, job fairs for students besides encouraging a nationwide phenomenon of volunteer work to promote skills in the new generation.

- c) **Lower class (the majority) not interested at all in any sort of education.**

This is a major strata of our population. We have to educate the parents of students of this class regarding long term and sustainable benefits associated with the acquisition of education. The parents of this class think that poor does not have the right to study and poor is made to serve others. Hence, they subject their children to child labor instead of sending them to schools. This is the area where public schools run by the government have to play the effective role. As against the current position, where government schools do not provide the platform for the children to excel and compete with the private students due to substandard education, if the proper educational reforms in public schools are implemented, this can revolutionize our society and play a significant role in bringing Pakistan in the list of developed nations. For this purpose, the federal and the provincial governments will have to allocate a larger than before budget for the educational reforms.

Literate Pakistan — where we stand?

By Hanif Ahmed, APFA



Year 2016 is an important year for Pakistan in the context of meeting various milestones for which we, as a nation, had made commitment to the international communities and forums. We are now in the first quarter of 2016, and unfortunately find our self far behind the finishline. On April 28, 2000, along with other 164 countries, Pakistan signed Dakar Framework of Action and committed to achieve six Education-For-All (EFA) Goals by 2015. In 2000, United Nations set Six(6) development and poverty elevation goals, (The Millennium Development Goals (MDG)). Out of six MDG, two goals are specific to the uplifting of education system of the country. However, none of these target / goals are close to achievement. Pakistan also lacks behind in education targets set by vision 2030 by the planning commission of Pakistan whereby, public capital expenditure on education and skill generation was supposed to increase from 2.7% of GDP to 5% by 2010 and 7% by 2015. All of the above depict an alarming situation and provide the rationale to critically analyze the system, its current philosophy and the strategies being followed for the last many decades.

A nation with the population of 184 million, with 21% of the people living below poverty line, where adult literacy ratio is only 55%, problems in educational domain have become multi layered and circularly looped with various other critical

social dilemmas like extreme poverty, corruption both, at individual as well as at institutional level, religious intolerance, sectarianism, lack of integrity and ethical values and many more.

Before exploring alternative solutions which should be adopted as corrective measures, let us go one step back and stock stake various elements in our educational jurisdiction which have handicapped the whole society.

Lack of Strategic efforts by the Government

Despite recurring promises by the Government to uplift the standard of education across the board and to bring public oriented reforms in the country, the people of Pakistan has not experienced any concrete and real shift in the education related policies and its implementation. The seriousness of the people in power to address the issue is objectively evident by the historical statistic of our fiscal budget allocated to the education sector which is as low as 2% per annum (average over the periods). This significantly low amount of spending towards education is somewhat visible as the country spends a major portion of its budget to address challenges of national security and interest payments on its loans. This leaves a relatively smaller amount to be invested towards social sectors to meet basic needs of the people

like education and healthcare.

In April 2010, the eighteenth constitutional amendment mandates Pakistan Government to ensure free and compulsory education for all Children between the ages of five and sixteen. Yet, one third of Primary School age children, and overall 6.7 million children are out of school. The origin of this long outstanding issue dates back to as early as 1959, when the first educational reform was introduced by the National Commission on Education. By and large, the problems highlighted in that report were remain unresolved and have persisted through the Pakistan's Government policies of 1970, 1972, 1979, 1992 and 1998. Recent National Education policy (1998-2010) and 2009 were also failed to bring any positive and constructive development in the system.

Religious Indoctrination, Counter-Insurgency and Education Reform

As per conservative estimates, there are approximately 13,000 religious educational institutions (Deeni Madrasas) currently effective in Pakistan. To go back in the recent history, Deeni Madrasas concept was first introduced by General Zia-ul-Haq after his coup in 1977. Few critics of General Zia-ul-haq claim that the intention of this reform is to gather support



from Islamist parties. In his effort of doing so, he took various steps including implementing Islamiyat and Arabic mandatory in the curriculum. His effort to bring the society towards islamically inclined educational system would have been a very encouraging and helpful course of actions, had it not been used as a political weapon in later years. But unfortunately, lack of integrity and ethical values of the leaders in power and more importantly, using Islam as a soft target by the political regime has turned this religious philosophy and practice into a disastrous and horrendous act of violence which has become the cancer to the society and has now become a top priority agenda of the Government to deal with. This religious indoctrination has led to the counter insurgency by the military of Pakistan which is being going on for the last 15 years or so.

The religious intolerance is directly related to the methodology and philosophy we have been following in our educational institutions especially in Deeni Madrasas for past many years. Hellen keller once mentioned that The highest result of education is tolerance which is demonstrated in Pakistan, in general, by the degree of intolerant attitude of the people and their inability to accept others perspective if it contradicts to their ideas and views. Our religious educational institutions started with highly respected mission to educate the people through Islamic teachings but, sadly, turned out to be one of the greatest failures of our society and now being considered as the source of extremism and terrorism. Reason for their failure is twofold. Firstly, they were not able to attract high quality brains as it was mainly focused on the segment that are underprivileged and lack the basic social and cultural needs. Secondly, the structure and scope of their curriculum does not have the capacity to provide diversified, open minded learning experience to the students and resultantly failed to meet the par value of the output which the fast growing world now demands.

Curriculum and text book politics

Curriculum is a reflection and a product of

the society and can contribute to the change in the normal person's life. Ideal Curriculum, unlike our current prevailing syllabus, is the sum of competencies, knowledge, skills and attitudes that are underpinned by values. It, moreover, plays an important role in forging life-long learning competencies, as well as social attitudes and skills, such as tolerance and respect, constructive management of diversity, peaceful conflict management, promotion and respect of Human Rights, gender equality and justice.

This probably is the most neglected part in our educational system of Pakistan. Along with the need of additional monetary resources to stream line the fast failing structure, we are also in a dire need to seriously look into our entire curriculum



outlook and its content to bring changes and ensure that our youth acquires a balanced mind set, tolerant and constructive attitude towards social emerging issues and be able to be productive and contributes towards the development of the society.

Teacher's dilemma

We are the flag-bearers of Islam, we are the followers of the religion who considers Teachers as Spiritual Parent, yet the social and economic status of the Teacher are so massively downgraded that it is no longer be comparable to any decent society. Situation analysis of the matter entails numerous flaws on part of the Government, Legislations, religious elite and all the other stake holder of the system.

At the national level, on an average, 89% of the education expenditure comprises current expenses which largely constitute teachers' salaries. However, considering

the level, status and the quality of the output of the Government school teachers, it is imperative that the Government needs additional capital as well as recurring funding to meet the least benchmark of teachers social and wellbeing. Education downfall over the decades has, in turn, also played a pivot role in producing low quality teachers in terms of their skills set, knowledge base and more importantly lower ethical values.

Teacher absenteeism is rampant in public schools as are corrupt practices, including bribing education department employees to obtain jobs and then sharing salaries with them. Political links are also often a factor in appointments, postings and transfers. Since teachers are part of the civil bureaucracy securing tenure, combined with the support of political or bureaucratic patrons, have made them a formidable obstacle to reforms. Rural areas have also witnessed non-operational or Ghost Schools where teachers are registered and getting paid while schools exist on paper. Over the period, private schooling system has increased largely in response to these shortcomings which account for 26% of enrolment in rural areas and 59% in urban centers but vary greatly in methodology, tuition and teacher qualifications.

Monetary and Moral Corruption

Corruption is not something which is tormenting the educational institutions alone; it has rather deepen in the society to a significantly alarming extent. But when it gets its way to the educational system, the moral corruption becomes cardinal sin. Because impact of monetary losses lasts for few years but the damage to the society which is done morally transfers generation after generation and which is exactly what our Country is currently suffering through. These malpractices have become so penetrated that the entire education system is facing institutional decay. Bribing Government officials, illegal appointments, nepotism, Ghost employees in Government offices, manipulating results, leakage in examination management, and corruption in utilization of education funding are some of the issues which are deeply rooted in the system and being

widely practiced in Pakistan. The quality of education, especially, in the public sector is plummeting and it appears that the factors responsible for the sorry state of affairs of education boil down to a single point corruption.

Gender Disparity

Although Article thirty-seven of the Constitution of Pakistan gives the fundamental right of education to every citizen of Pakistan, yet at the national level, about two third women of age 15+ cannot read and write, and 35% girls remain out of school. Gender Parity Index in case of participation in primary education is 0.82. It is estimated that 62% of the Children (which is 6.7 million children) who are out of school are girls. Apart from lack of interest in educating females in Pakistan by the Government, Cultural resistance and interpretation of certain Islamic teaching also plays a role as far as women education is concerned.

Solution

Though our society is massively saturated with the problems highlighted above and a bunch of other shortcomings, yet corrective measures are possible and damage control can be done based on critically analyzing the situation and carefully devising the comprehensive strategic reforms. This should include on foremost priority the following:

- Increasing capital expenditure budget to ensure the right amount of funds pumping into the system and allowing the institutions to materialize their most urgently needed requirements.
- Nevertheless, it should be strongly recognized that just by doling out funds into the sector without flaws less monitoring and sound regulatory and accountability system will not bring any fruitful results. Therefore, equal amount of efforts need to be invested in for the best of the best corporate governance and accountability system to avoid creation of more opportunities

for the misappropriation and embezzlement of funds.

- Standardization of the level and quality of education to the extent possible. This will ensure that passed out candidates will be embraced by the society with equal priority unlike the current state where students coming out of Deeni Madrassas are only compatible with their like-minded people and becomes alien to the rest of the society.
- The other important reform at the principal level towards Standardization is to ensure broad base education system across the board until 12 grades. This reform is critical in creating harmonization and allowing the student to jell into the system and learn the basics of everything. This practice should equally be implemented in our religious schools in order to allow every children to gain unbiased perspective of different ideologies, basics knowledge of science, literature, languages, history etc. Once a student completes its broad based education of 12 grades, he would then be clear in his mind as to his future ambitions and aspirations and those who find themselves connected to theology and want to specialize can become Scholars of the religion.
- Political ownership should be eliminated and best governance practices needs to be implemented to stop leakages in the system. Institutionalized corruption and political interference is a nationwide dilemma of Pakistani culture, but honest leadership with unconditional authority and serious intent is all it takes to turn around the situation.
- Providing economic incentives to the students, especially in rural areas, may encourage the parents to send their children to school and may help in reducing the dropout ratio.
- Faculty development process should be analysed to the tactical level and should

then be benchmarked to the practices being followed globally. Lower quality of teachers should be improved by ensuring that critical checks are in place to stop politically supported inappropriate hiring and by spending right amount of money on training and development of staff.

- Curriculum should be scrutinized and revamped with the following aspect being on the agenda: a) provision of basic skills (i.e reading, writing, numeracy) and their balance with cross cutting and emerging issues; b) learning content should be well selected and organized i.e. it should be sequenced with regards to the learners age, stage of development and should not overload the knowledge and information; c) It should be open and flexible so that it can absorb new ideas and challenges of the fast growing world; d) It should be socially and economically coherent with the internationally recognized theme of curriculum and should be future focused while respecting the past in terms of its custom, tradition, history and religion; and e) It should be equitable and inclusive i.e. it should avoid biasness and discrimination. It should take into account the diversity of learners and their different learning needs.

Above point based solution are few of the many measures which can still help our nation to rebuild entire educational platform and cater these long outstanding malpractices. It, however, requires tremendous efforts and sheer sense of commitment and integrity by the leaders, Government institutions, private sectors educationist and anybody who is associated with this cause. Let us hope that we realize the far reaching and long lasting impact of education on the society and try to make our country and the world a better place to live.

Education is the most powerful weapon which you can use to change the world.

— Nelson Mandela



National Education Policies of Pakistan

– *A Critical View*

By Ahmad Saad, APFA

No one can deny the significance of Education for human sat individual level and for economic development at country level. Education is, no doubt, a route to economic prosperity due to its role and impact in all fields which are necessary for the economy of any country. Educational reforms and a right policy can play a significant role in human capital formation and development which is first step toward economic growth of any country. The rewards are many; sound foundation of social equity, awareness, tolerance, self-esteem and spread of political socialization and cultural vitality. Education also raises the productivity and efficiency of individuals and thus produces skilled manpower capable for leading the economy towards the path of economic development. In lieu of above mentioned significance, it is vital to put extraordinary focus and care on development and implementation of education policy of country. Societies that emphasize education have historically prospered. The state has to own the responsibility of education as a key tool for the overall development of country. A national education policy with a strategic view is must for the above objective. Pakistan's National Education Policy 2009 was issued

in November 2009 by Government of Pakistan in which input of all provincial, area governments, federating units, members of civil society, universities, experts, teachers, educational and professional councils and multiple other stakeholder were taken. There are many factors which have been effecting adversely the development and implementation of education policies of Pakistan and can be considered as reasons or hurdles in the economic development of Pakistan and progress of our nation. My views about few of those key factors or reasons in the recent context are as follows:

Undesirable Attitudes & Poor Appreciation of Educational Priorities

Attitude or will is one of the key factors. Bureaucratic bed rocks have placed more weights on the teachers' community in Pakistan. This trend has given rise to feelings of alienation among the teachers and serious demotivation among teachers and educationists. Education system, use of powers, directions to staff, developing relationship and keeping expectation all depends to a large extent on the disposition of the implementers towards the policies.

The government and political parties have never given priority to the education sector in their manifesto in the past few decades. The education sector is never considered as a significant area during strategy development for the country and the nation.

Audit & Controls

Absence of effective evaluation, monitoring and reporting system are also one of the main reasons. There is a clear lack of proper audit and control mechanism over the targets and responsibilities over individuals and institutions. There are negligible provision in laws for the external audits of financial and non-financial matters of educational institutions thereby provides an open hand to many. Special monitoring team from external audit firms should be established at district level, provincial level as well as national level for the purpose of surprise monitoring and audit.

Transparency / Public Communication

Transparency in policies, regulations and actions that are taken and ultimately the results should be made public. The general

public being ultimate stakeholder of all the actions of government should be made aware through proper communication channel about the progress of actions being taken in the education sector. Unfortunately, since beginning we have no such transparent mechanism to share the truth of all affairs with the general public in education sector.

Multiple Education Systems

Due to development and appearance of multiple parallel education systems in Pakistan, national education policy implementation is hampered. Private schools violate the principle of the uniformity of educational system so unity in objectives is missed from educational efforts now. Everyone has a separate race. Federal board, provincial boards, Agha Khan Board, Cambridge system are a few. What is required to do? Where we want to go as a nation? The interesting fact is that we are in a situation where we even don't think about the seriousness of this issue.

Limitation of Financial Resources

Financial resources act as body fluid for any system, organization, company or country. Limitation of financial resources affects the growth and development of a system. A poor education system was inherited at the time of formation of Pakistan which was already financially handicapped. It is also a fact that in Pakistan, budget allocation to education sector is lesser compared to other countries in the world. Over and above, this the system is full of corruption from top to bottom which is like pushing the patient to the path of death intentionally.

Inadequate Delivery System & Reporting Mechanism

Currently the education system of Pakistanis is flawed. Today education of good quality is only accessible to the elite class. It is because of the private sector which has overwhelmingly dominated. Public sector education is of low quality due to lack of accountability and professional management. Lack of



qualified and trained staff is also a significant hurdle in the system. And people who qualified and come out of this system are never encouraged in the society or world at large professionally. That is why people always look abroad for proper education and good life and comment simply that "We do not have a workable education system".

Population Pressure

Pakistan is one of those countries having constant population pressure. This has resulted due to various controllable and uncontrollable factors. The pressure of population has led to a very adverse effect on the education system of the country. Due to a very high population, it is difficult for a developing country like Pakistan to provide education to the far located areas. This has also led to a very bad effect on the quality of education that is being provided. Adequate measures have to be taken in order to reduce the increasing population pressure on the country and its education systems.

Teachers' Absenteeism

The Government has although imposed the restriction of primary education compulsory for all the students but they didn't make any check and balance as the students heads towards government

schools but there are no teachers, which forces the students to make their way to private institutes and here the financial limitations hinder in between which ultimately forces the students to leave the education and get themselves involved in other particular activities, so the education system in Pakistan is not wrong neither it has been failed the need is only to maintain the standards given the equal rights and benefits to all the students irrespective of their approach and their status.

Weak Instructional Supervision & Lack of Coordination

The process of supervision in the education system is more beautifully mentioned in the policies but badly practiced in the fields. The process of supervision in primary schools is fraught with many weaknesses. The supervisors are professionally untrained. Supervisors behave with teachers in an arrogant manner. This trend has diminished the purpose of professional supervision in schools due to which teachers get discouraged and feel inferior. The system of education in Pakistan does not have a sound mechanism of coordination at primary level. The communication process between policy makers and schools staff is

so poor that teachers at primary level remain unaware of new policies and development for many years after their passage. The state of poor coordination in the system has promoted mis-understandings between the schools and the administration system. Lack of effective coordination between schools and administrative set up at district level has exacerbated problems of teachers in primary schools.

Lack of Training Infrastructure

Teaching is a professional activity. There are new changes that occur on continuous basis in the society and around the world. Teachers need to be continuously abreast with latest theories, research and new knowledge. Teachers who are not professionally sound cannot solve their professional and social issues. Teachers who acquire latest knowledge and develop their skills teach effectively. There are less training facilities available to teachers at primary level in Pakistan. Due to lack of latest knowledge and skills the teachers are found weak in solving the problems of students in the process of schooling. Untrained teachers cannot manage the behaviors of maladjusted students and use corporal punishment as tool. This attitude of teachers discourages students and results in drop out. Those students who graduate from the primary schools have poor communication skills and social skills.

Budget Allocation for Education Purposes

Budget allocation is one of the important and significant aspect during National budget preparation process. No one can deny that the budget for education sector should be increased, should be strictly monitored, should be properly and timely released and should only be utilized for allocated purpose. The failure to above basics is one of the major factor for non-implementation of national education policies.

Political Instability

Political instability in Pakistan is also one of the main reason that impacts on development and implementation of

National Education Policies. Flux of politics during last decades is well known to all of us. There is a need to keep educational matters and long term planning separate from political influences and changes in governments. This could happen by getting consensus of all political parties for making a separate semi-government type parliament or institution for education sector and strategy development for Pakistan for new ten and fifty years.

Lack of Infrastructure

Lack of proper infrastructure and lack of physical facilities is also another issue. The condition of government schools and colleges, the state of libraries and non-availability of proper research institutions at government level affect the proper implantation of education policies. We all



are well aware of the physical state of the government schools and colleges in main cities of Pakistan and the situation is more alarming in remote areas. This situation can never be considered as a good for implementation of education policies.

Lack of Access to Hard Copies of Policy Documents

There is no or negligible access to the hard copies of education policies and relevant important documents to the general public as well as to the educationists and researchers who can play their role in the education sector. The reasons might be budget, circulation problems, and lack of coordination from ministry or simple negligence, but the fact is that even the teachers of public and private schools and lecturers/professors of college and university find it as a hard task to even search relevant policy documents and other regulatory material of education sector; the situation is unexplainable and the words

cannot portray the whole scenario.

If we conclude, there is no doubt in saying that we are killing our education system because of many self-created problems. Although there are multiple factors which are not in direct control. Undesirable attitudes, Corruption, Audit and controls, Transparency/public communication, Multiple education systems, Limitation of financial resources, Poor appreciation of educational priorities, Inadequate delivery system and reporting mechanism, Population pressure, Teachers' absenteeism, Weak instructional supervision and lack of coordination, Lack of training infrastructure, Budget allocation for educational purposes, Economic condition and political instability, Lack of infrastructure, Lack of access to hard copies of policy documents. Having mentioned all above factors which are poisoning our education and ultimately future of our nation, the most important factor is "the will". The nastiest part is that we, at micro level, and government, at macro level, have not even realized what education policies can do for our nation and our country in the next few decades. Government should give top priority to the education sector with a calculated focus of next ten and fifty years strategically aiming towards real progress and development of the country and the nation. By properly planning and then investing on education sector with a result oriented focus, we as a nation can develop engineers, doctors, scientist and other desired skill labor who can meet the requirement of country in next decade atleast. Alas! We can only hope, pray and play our own role atleast in our own capacity whatever we could do we should; let's finger crossed!

References:

- History of Educational Policy Making and Planning in Pakistan, Kaiser Bengali, Working Paper Series # 40, 1999
- Problems in the Implementation of National Education Policies (NEPs) at Elementary level, Edited by Dr. Shahnaaz Riaz & Kh. Sabir Hussain, 2010
- Pakistan National Education Policy, 2009

Educational Reforms in Pakistan - Building for the Future

By Sania Ahsan

M.Sc. (Economics) MS (Finance)
Executive Mar-Com PIPFA

The eighteenth constitutional amendment committed Pakistan to free and compulsory education for all children between the ages of five and sixteen passed in April 2010. Yet our education system remains enervate and still millions are out of school. No significant reforms are made to adjust seminaries, which flourish madrasa many of which generate religious and sectarian resentment. The natural disaster and Militant Violence worsen the education system of the state. The education of hundred and thousands of children has been disrupting as school buildings have been destroyed in Sindh, Balochistan, Punjab and Khyber Pakhtunkwa (KPK) due to flood and earthquakes. The extremist group terrorized parents to keep their daughters at home, and they have destroyed the building and closed girl's schools. The attack on education activist Malala Yousafzai made global headlines in October 2012. The public education system must be designed which supports democratic norms and peace in outside world, promote unbiased citizenry within the country and make our youth to be able to compete in labor market. The net primary school enrolment rate in 2012-2013 increases 1 percent from 2010-2011. Less than one-third of adult women have a functional reading ability and Pakistan's adult literacy rate is less than 50 percent, the difference between rural and urban and gender disparity rate is remarkable. The Pakistan budgetary allocation to education is 2 percent of its Gross Domestic Product (GDP) which is

lowest in South Asian countries. The economist worldwide finds a strong correlation and significant impact of education and economic growth. The productivity can be raised by 10 percent annually if single extra year to schooling is added. As our education allocated budget which reflects our youth is unable to get quality education in Pakistan as compared to our neighbors. The net primary enrollment rate in Bangladesh is 75 percent, in India, 77 percent; and in Sri Lanka, 100 percent while in Pakistan its 50 percent.

The final report of 9/11 Commission become a best seller which highlighted the links between Pakistan's religious

seminaries or madaris with International terrorism and recommend US Government Official to support Pakistan to provide quality education to its young population. It seems from the report; Washington was in season worrying about education system in the Pakistan. In 2005 tens of million dollars were decided to spend on literacy program and primary education in Pakistan solely by American Government along with lead Agency for International Development. The international donor community actively expanded its activities from past few decades to provide better standard of living in Pakistan. UNICEF has started a project to encourage girls at primary school, and UN world food program has donated \$50 million in food aid in hope to



encourage girl's parents to do not keep them at their homes.

As per our Ex- Governor of State Bank Ishrat Hussain, by 1983 and 2000 the number of private primary and secondary schools increases tenfold from 3300 to 32000. Pakistan still can gain youth population of below 18 by 132 million prior to year 2030 if further reduction in birth rate takes place. And what will Pakistan have a vast army of the young? If Pakistan does not transform its dysfunctional educational system, the large number of young unemployed people will continue to churn out and unfavorable economic prospects make them purveyors of extremism. The education system of Pakistan not only poses a real danger to world at large also harm our economic social and political stability. I am not here to talk about problem arises from imagination of Washington which blows from September 11 which lacks its ground of understanding for both Islam and Islamic World. To the contrary, this article tries to explore an issue that Pakistanis themselves have identified as vital to their national well-being.

If Pakistan aims to provide free and compulsory education to all children between five and sixteen as law requires; than Pakistan must reforms its educational system which is spoiled by miserable conditioned "ghost school" exist only on paper and teacher absenteeism and must revamped the curriculum that fails to produce competitive citizens for the job market and generates intolerance. The private schools vary greatly in methodology, tuitions, techniques, and teacher qualification, and enjoy 59 percent enrollment in urban areas and 26 percent in rural area. In order to execute and implement eighteenth constitutional amendment the Central Government must delegate legislative and

executive authority over education to the provinces to make it more approachable to meet local needs. The provincial government must be made primary driver or reform and the private sector must be taken as key partners and assign scale to those needs. The provincial government must provide adequate material basic facilities e.g. boundary walls and toilets and reverse decades of neglect. They should tackle teacher absenteeism and restrain manipulation of funds and nepotism in placement, posting transfers and hiring of teachers. The state must exert a pressure not only to increase number of school and teachers also improve quality of education in order to counter the challenges

obligation eighteenth constitutional amendment with donor support. Still the legislative measure, construction of rules and regulation and budgetary allocation are insufficient to meet the increasing needs. The quality of education is still debatable, and still millions of five to sixteen year old are out schools which are entitled to compulsory and free education. The system pervade by corruption and nepotism job placement process, hiring and transfers of teachers.

The pedagogy discourages learning that emerges from poorly or less qualified and trained teachers. The obsolete methodology used in class rooms must replaced with modern and well equipped teaching methodology, what is taught is problematic. In absence of reliable public education system allows the madaras and religious schools to flourish and uncorrectable curriculum promotes racism and religious intolerance. The flourished Private schools also lacking to provide quality education expect those who serve elite. To tackle consequential private sector the provincial government with donor support work as joint venture which requires political ownership posses induced approach and scale of provocation. There is need to take necessary and immediate actions to cope up with



from madarasas, religious schools of Islamic foundations and parties and private schools that saturate the gaps of tumbledown public education sector that imitates sectarian violence and religious extremism. Curriculum reform is crucial and overdue. It is solely responsibility of provincial government to fortify that teacher and textbooks do not convey information that imitates abhorrence of presumes enemies foreign and local and promote intolerant religious discourse deforms descriptions. The provincial government has taken some steps to delegate education at federal units to meet

education crisis otherwise it is expected to became insurmountable. As population is growing the dependency burden ratio is increasing day by day there would be more working age or young population will emerge in years to come. In order to sustain economic growth the government must take necessary actions to alter the raising level of under- employment and unemployment and frame policies to improve quality of education and literacy rate, and reduces poor learning outcomes. In order to ensure transparency and efficient allocation of resources the governments, taxpayers, and professional



public finance accountants each have important responsibilities and crucial roles to play in efficient functioning of taxation and audit systems. As my organization PIPFA produces professional public finance accountants, they have expertise to work in wide variety of accounting fields e.g. Public finance accountant can help in attaining optimal public financial management, ensuring a balance between development and recurrent budget to bring real impact on lives of people through better services delivery. The public and other stakeholders increasingly expect public entities to bring about improvements in their financial discipline and internal control environments in order to minimize the possibility of fraud and mal-

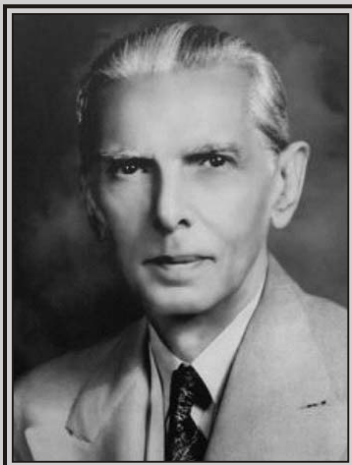
practices through improved governance structures. The public finance accountants are inevitably connected with public finance management, corruption and anti fraud culture, in order to ensure good governance the independent internal audit function within public entity plays a key role. It helps in ascertaining allocated finance resources are being utilized efficiently to achieve desired outcome.

The education crises can harm and worsen the economy if most attractive jobs are available for extremist and criminal groups, Pakistan will suffer a lot with further violence and instability. The problem stemmed can be reversing by ignoring decades of neglect of rapid failing and underfunded education system, the

government must frame significant policies to reform bureaucracy, curriculum, teaching staff and learning methodologies. And to promote economic growth and stability, acceptant of religious, tolerant citizenry, cultural and ethnic diversity a reformed education system needed to be flourished in Pakistan; it will help Pakistan to return at its moderate rote.

References:

1. Masooda Bano, R. (2009). *Public Private Partnerships (PPPs) as 'anchor' of educational reforms: lessons from Pakistan: UNESCO.*
2. ISBN 1-933549-04-1 *EDUCATION REFORM IN PAKISTAN: Building for the Future* ©2005 Woodrow Wilson International Center for Scholars, Washington, DC.



“I do not believe in taking the right decision. I take decision and make it right.”

“With faith, discipline and selfless devotion to duty, there is nothing worthwhile that you cannot achieve.”

– Quaid-E-Azam Muhammad Ali Jinnah

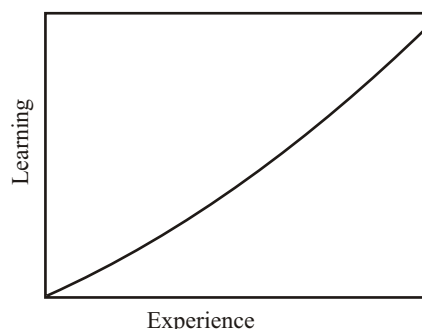


Importance of Educational Reforms

By Muhammad Noman, APFA

Education has always been the key phenomenon of human society. The history of mankind has shown that it has always remained in quest of knowledge and wisdom and used different techniques for its acquisition.. The study of human as well as animal behaviour has shown learning to be on upward trajectory with the passage of time as a result of ongoing experiences at every stage of the life. The need for learning has always been a dominant topic in every academic discussion.

Exponential Growth



We can broadly classify the educational systems in the world as;

- 1) Formal education
- 2) Informal education

Formal education refers to the institute based **public education** whereas **Informal education** is what people learn through experiences and social interaction in their routine **life**.

Educational reform:

Educational reform means the planned change in the teaching methodology of the public schools and the related administrative reforms. Hence, educational reforms can be brought about in the formal education systems existing at the school, college and university level. Educational reforms if brought about in time could significantly increase the learning trajectory of that society and it has long been the epicenter of heated debate globally. Educational reforms have always been the major **unique selling proposition (USP)** for educational institutions existing in any society.

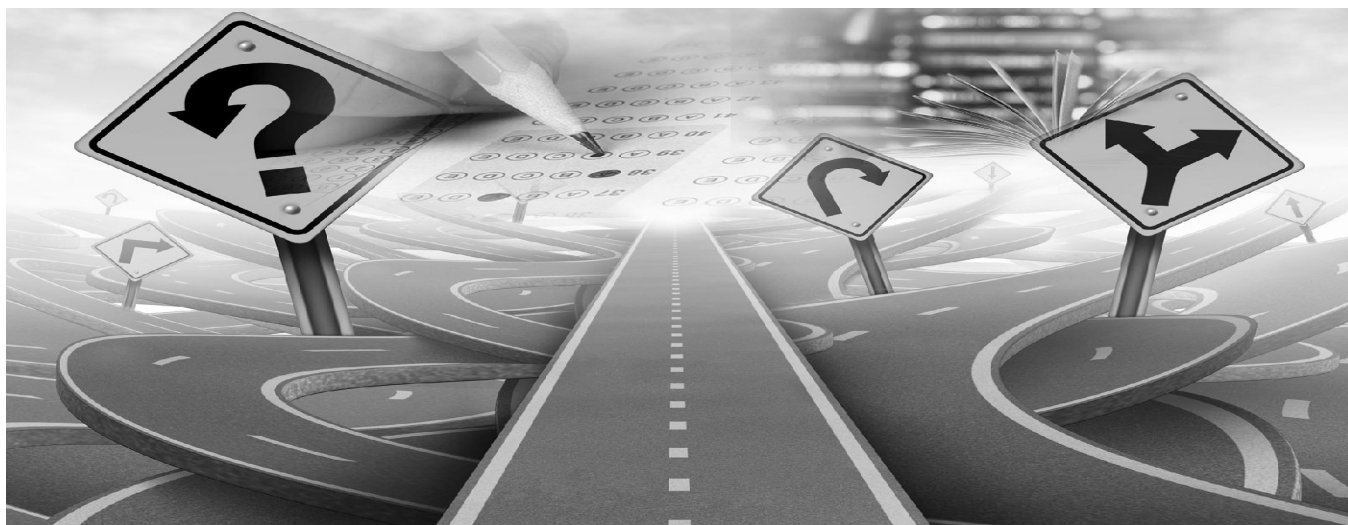
In the old days, our elders used to get informal education at home till the age of 10 and used to start formal schooling later on. Now the trend has changed and formal education is started as early as at the age of Four (4) years. Hence the need for educational reforms has increased many fold.

In the meantime, due to the emergence of distant and e-education systems, many virtual educational systems have come into existence and differ widely in the teaching and examinations methodology. There is hardly any harmony in the curriculums offered and the knowledge testing methods and levels. This is again an area where the reforms are needed and various stakeholders including educational institutions, governments and the academia intellectuals have to come closer as never before and chalk out a cohesive and truly

instrumental education system.

The Higher Education Commission of Pakistan (HEC) has been very instrumental in bringing about educational reforms in Pakistan. It has started many new initiatives including the introduction of Information Technology at various levels of education, e-academia for institutions, ranking of Pakistani Universities, research support for students, scholarships for students at national and international level and text books writing schemes. The provincial governments through their education and higher education departments are also striving to improve the delivery of formal education level to the public.

It is important to underline that globally, the education trends are changing very rapidly. New technologies and methodologies are invented every now and then. The level of understanding we had yesterday has become the basics of today and the advancements of today will become the basics of tomorrow. Education is changing at both formal levels and informal levels which can be seen by only comparing the two age groups rather than generations. What education gap was seen between generations can now be seen within a short span of four to five years. This is a real challenge for the human civilization as the chances of becoming obsolete are far more than before. We have a challenge to induct the mechanism of continued education to bridge and mitigate this challenge.



Regeneration of the Education Structure

By Maryam Hidayatallah, APFA

There is an imperative need for a paradigm shift in the educational structure to gauge variations and developments within multiple facets of the educational systems undertaken globally. For this purpose, there is a strong need to devise a strategy to breakdown silos of a redundant education structure and inculcate cultural changes and prevent a monotonous academic cycle from going on and on. By changing the concepts of existing curriculum and implementation of electives at base level, we can generate individualism and indigenous pupil.

By minimizing the role of government and gauging in and implementing Parent Teacher Association (PTA) towards development of an in house conglomerate to cater the student benefits, portray interaction and provide effective feedback mechanism within units of each school. A strong and lasting parent-teacher and teacher-pupil associations may generate cyclical flow of valid inputs and implementation of a solid base to nurture a child's mindset.

There must be mandatory assessment of skill sets of the pupil which is further categorized into in to academics and extra curriculum activities. This will help in development of understanding of the personality, stock of existing skills set and inclination and aspirations so that selection of field of progression can be made easier. Undergraduate and postgraduate disciples at universities worldwide seek overall personality traits so developed within pupils at respective grade school levels rather than focusing on benchmark percentile.

In this globalized era, workplaces do not follow a mainstream structure and entail characteristics portraying communication skills that are imperative towards effective management. Public schools should negate redundant patterns of teaching and focus on development and implementation of cultural sense into students so as to adapt and evolve them in the real world.

All this can be undertaken through team based projects to simulate process flow management into a pupil mind that shall

enable it to decipher an open minded approach to tasks. Increasing the quality of education both within public and private schools through maintaining a decent class room size can change the overall learning curve immensely. Thinking skills program can also be initiated and entailed throughout all levels of schooling to generate out of the box thinking capacity and development of cognitive skill set. Educational reforms initiative from varied roots with multiple impacts dependent on the type of school following such a reform and the adaptability of said reforms by the recipients; pupil, teachers and the parents.

In the development of an effective and reformed educational system, it requires the implementation of a system incorporating curriculum revision and up gradation, change in teaching techniques and methodologies to new and modern trends, the learning and apprehension methodology of the students and even the resources of education from conventional to modern besides a level of support and commitment from all the stakeholders.

Why the Audit Profession Must Evolve or Die?

By Nick Jeffrey Director, Public Policy, at Grant Thornton

This article is being published with the permission of ACCA Pakistan. Initially it was published in the November/December 2015 international edition of Accounting and Business magazine.

Once upon a time I was asked at a party what I did for a job. It was a polite enquiry from someone I had just met - there was no hidden agenda. I am ashamed to say I 'confessed' to being a fighter pilot. The response to that - 'You're an auditor, aren't you?' not only ruined my evening, it also provided my friends with plenty of ammunition in the weeks and months to come.

This memory came back to haunt me when I was speaking at a series of ACCA/Grant Thornton roundtables on the future of audit. I find my job interesting and challenging and I know it performs a public benefit, so why was I afraid that others would find it dull? Why didn't I have pride in what I did? Or at least insufficient pride to explain that to new acquaintances? Would my project with ACCA help auditors of the future avoid similar embarrassment and help them speak with pride and passion instead?

In recent months, ACCA and Grant Thornton have jointly hosted a number of roundtables about the future of audit. We chose locations to cover a range of business environments with differing characteristics, in China, the EU, Singapore, South Africa, the UAE, the UK and Ukraine. We invited representatives from a range of stakeholder groups such as companies, providers of finance, and policymakers to a series of private open-ended discussions

(under the Chatham House rule) to share their views and experiences. In November we will publish a deeper analysis of what we heard, together with more detailed implications and recommendations for policymakers and the accounting profession. Yet with a couple of roundtables still to go, some themes have already emerged from the debates.

Enabler of Growth

Everywhere, audit was seen as an enabler of growth. At its most effective, it underpinned market confidence, mitigated the cost of capital, boosted capital flows and served as a cornerstone for the business environment. However, the impact of audit remains unfulfilled in some countries and nearing its use-by date in others.

Location, Location, Location

For some people, the start and end point of a discussion about the future of audit is historical financial statement audit. For others, audit has a future as part of a range of assurance services that address a range of user needs on a range of data sets, not all of which are financial. The conversations we heard could be split between the two groups, depending on where the discussion was held.

Broadly speaking, we found that what people think about the future of audit reflects the evolution and development of their local business environment. For some, audit is a comparatively recent offer, with finance providers mainly interested in financial information about a company and little else. There is limited interest in other assurance services that might replace or complement the audit.

In such countries, the future of audit is all



about building consistent quality and making the process more efficient for companies, users and auditors. The audit might be increasing in popularity, or demand for audit might outstrip supply. The auditing profession might be relatively small, making use of expertise from other countries, or in the early stages of moving from national to international standards.

The quality of audits might be inconsistent, or there might be relatively few firms capable of auditing banks, utilities or the public sector. A consistent message was the need to get as much as possible from the audit. Equally important was the need to build user confidence and scale in the auditing profession before moving on to anything else the market is not ready.

For others, audit has been mandatory for a long period. There may have been moves to exempt businesses of certain types or sizes from the audit requirement. Companies may have more skilled finance teams, producing more trustworthy financial information. Finance providers may receive regular financial updates as a matter of course, so that the annual audit report is old news and only confirmatory. And they may receive a regular, rich and varied range of information about the business, which is critical for investment decisions but is not financial and not part of the audit.

In these countries, audit is seen as critical



bedrock for larger companies, but with no value other than confirmation of what is already understood about a business. For companies that are not large or publicly traded, there are significant questions being asked about whether the audit report is useful. And if not, whether it should be scrapped and replaced.

This has important implications for standard-setters and regulators. Whatever your operating environment, a stable body of standards is essential. For the first group, a stable body of standards fosters understanding and improvement in audit quality.

For the second group, there is a feeling that only marginal gains in the usefulness of an audit are available, which may be out of proportion to the effort required to capture those gains. While consistency of standards is important for international business, the implication is that standard-setters need to articulate the business benefit of changes.

Who, What, Why

Where doubt in the roundtables was cast on the continuing usefulness of an audit report, the common misgivings were about:

who: the report is addressed only to shareholders

what: the report is issued months after the period end and covers only historical financial information

why: the report is a standardized product with limited reference to particular user needs.

In other words, the audit report misses a significant group of potential users, and would not give them what they wanted when they wanted it anyway. And for ongoing users, the audit report is not as useful as it used to be because it only confirms the basis for other more timely and impactful information previously published by the company. That is never a great combination if you are seeking steady and sustainable revenue growth.

There was some speculation from roundtable participants about which other users could benefit from a form of report on a business. There were some ideas about what business information other users needed, what they would use it for, the

degree of reliance they wanted to place on it, and when they needed that information for maximum benefit. No-one knew the answers and there were no consistent themes.

There was agreement that relying on information about a business implied a degree of confidence in the quality of that information. The greater the degree of reliance, the greater the required degree of confidence. At some point, on some issue, there would likely be a user need for independent confirmation from a skilled and trusted third party.

The conclusion? Assurance

The future of audit is assurance. This is more than just a rebranding exercise to let auditors become providers of assurance services. It uses the core skills of what we refer to today as an auditor.

These services collectively still offer a significant public benefit. But, with assurance, those skills are applied in a more flexible and proportionate manner to individual circumstances and specific user needs. Assurance therefore delivers bespoke services and products that should be much more rewarding for all parties from users to companies to firms and their people.

This has implications for policymakers. The regulatory environment needs to facilitate innovation in this area, even to the point of keeping out of the way until there is evident demand for standards or independent oversight of providers. Providers and businesses should be free to develop these services unhindered by excessive standards, and remain flexible to respond to market demands or even changes from one client to the next.

Doctors Make the Worst Patients

The key to success is knowing what your customers want. There has been a lot of talk in Europe about the impact that increasing the audit exemption limits will have on the profession. These roundtables have given me someone with an audit background a degree of comfort that there will always be a need for some form of assurance on historical financial information. Even in a

future of virtual currency, a business will fail if it runs out of virtual cash.

Throughout my career, the audit profession has been dogged by an expectation gap, independence scandals and being perceived as an increasingly unattractive line of work. In some countries the historical financial statement audit is thought to be a dying product because it is expensive but unvalued. All of which sounds like an extract from conversations that accountants have with clients every day. It is time for accountants to stop behaving like doctors who smoke cigarettes and drink to excess. If we were advising the audit profession, and faced with the circumstances in front of today's audit profession, what would we advise our client to do? Clearly, it would be: evolve or die.



As a public policy professional, these roundtables have given me renewed hope. They show a future for assurance that leaves behind the concerns about the expectation gap and the rest. A future where assurance skills are instead valued and demanded by the users of our assurance products. Where the product can be tailored and informative and respected. And a future assurance career which is the number one destination for our brightest people, simply because it is the most varied, interesting, rewarding (in all senses of the word) and challenging. It is admittedly quite a stretch to imagine a complete turnaround where future fighter pilots hold themselves out to be business assurers. But I am sure that we business assurers will in future have greater pride in what we do.

If we only knew what our customers want. But that is for another day. For now, I am off out with my nine-column, my pencil and my calculator. And my flying goggles.

International Federation of Accountants (IFAC)

IESBA Makes Substantial Progress on Restructuring Code of Ethics for Professional Accountants; also Proposes Enhanced Provisions Related to Safeguards

The International Ethics Standards Board for Accountants® (IESBA®, the Ethics Board) released for public comment two Exposure Drafts (EDs) proposing key enhancements to fundamental aspects of the Code of Ethics for Professional Accountants (the Code).

The first ED, Improving the Structure of the Code of Ethics for Professional Accountants Phase 1 (Structure ED) represents the first application of proposed new structure and drafting conventions for the Code, covering both a number of the provisions of the Code dealing with its general application and selected sections addressing professional accountants in public practice. In addition to the use of clearer language, key features in the Structure ED include:

- o Requirements clearly distinguished from application material;
- o Increased clarity of responsibility for compliance with the Code's requirements;
- o Reorganization of the content of the Code; and
- o A new Guide to the Code.

"The Board has undertaken to restructure the Code as a high priority. This is a major infrastructural undertaking, three years in the making already, and responds to a public interest need for the Code to be more understandable and usable," said IESBA Chairman Dr. Stavros Thomadakis.

The second ED, Proposed Revisions Pertaining to Safeguards in the Code Phase 1 (Safeguards ED) includes enhanced requirements and application

material pertaining to the application of the Code's conceptual framework, including safeguards.

"Safeguards are a linchpin of the 'threats and safeguards' approach that is fundamental to the proper application of the Code. The proposals respond to a public interest need to clarify the meaning of safeguards and to make sure that they directly relate to identified threats to compliance with the fundamental principles of the Code," explained Dr. Thomadakis.

Key enhancements proposed in the Safeguards ED, which is presented in accordance with the new structure and drafting conventions, include:

More robust and prominent requirements related to the application of the conceptual framework, including a required overall assessment of the judgments made and conclusions reached;

- o A clearer and more robust description of the concept of safeguards, and clarified and streamlined examples of safeguards; and
- o New guidance regarding the application of the concept of a "reasonable and informed third party" that is essential to properly applying the conceptual framework.

"Pending stakeholder feedback on the EDs, the IESBA will continue with work on the next phases of the projects, which will include restructuring other sections of the Code and a review of safeguards pertaining to the provision of non-assurance services to audit and other assurance clients," added IESBA Technical Director Ken Siong.

IAASB Seeks Feedback on Standard-setting Activities to Enhance Audit Quality Consultation Focuses on Three Key Areas: Professional Skepticism, Quality Control, and Group Audits

Audit quality is at the heart of the International Auditing and Assurance Standards Board® (IAASB®)'s work as the global auditing standard setter. Therefore, the IAASB released its Invitation to Comment, Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits (the ITC). This ITC highlights the board's discussions in these three topic areas and indicates potential standard-setting activities that could enhance audit quality.

"We are committed to having a strong impact on audit quality particularly as the environment in which audits are conducted evolves and becomes more complex," stated Prof. Arnold Schilder, IAASB Chairman. "We believe that global use of the International Standards on Auditing™ is a fundamental part of this objective. In addition, we acknowledge the importance of continuing to strengthen the standards and being responsive to ongoing concerns about audit quality. It is essential that the standards reinforce the need for auditors to continue to be critical challengers, within a system of rigorous quality management."

The IAASB released a companion document, Overview of the ITC, which summarizes the key areas the IAASB is exploring and the direction it may take.

"Responses to this consultation will guide the board's work over the next few years, so it is essential that we hear from all stakeholder groups about where we should focus," explained Kathleen Healy, IAASB Technical Director. "The Overview document, in particular, is designed to solicit feedback from and improve collaboration with investors, audit committees, and preparers. Other stakeholders may also find the Overview useful as a discussion and outreach document as they develop their comments."

The IAASB's Framework for Audit Quality, issued in 2014, explains the important role of auditors and their firms - as well as other stakeholders - in audit quality, and the contextual factors that affect it. It is an important reference document for this consultation.

How to Comment: The IAASB invites all stakeholders to respond to either the ITC or the Overview, each of which includes specific questions for respondents. To access the ITC and Overview and submit a comment, visit the IAASB's website at www.iaasb.org.

The comment period for both publications is open through May 16, 2016.

IAESB Publishes Guidance for Standard on Professional Competence for Audit Engagement Partners

The International Accounting Education Standards Board™ (IAESB™) has issued support materials for the implementation of IES™ 8. This International Education Standard™ prescribes the professional competence that professional accountants are required to develop and maintain when performing the role of an Engagement Partner responsible for audits of financial statements.

The IAESB has prepared a Questions and a webcast series to address questions or issues that might arise on implementation of IES 8 by professional accountancy organizations, public accounting firms, or engagement partners.

"The Education Board's new standard on audit engagement partner competence comes into effect July 1, 2016, and many around the world are

actively preparing to meet its challenging requirements," said IAESB Chair Chris Austin. "These support materials aim to assist those who have a role and responsibility for effective implementation of IES 8."

IES 8 builds upon educational requirements of redrafted IES 7, Continuing Professional Development (2014), IES 2, Initial Professional

Development - Technical Competence (2015); IES 3, Initial Professional Development - Professional Skills (2015); IES 4, Initial Professional Development - Professional Values, Ethics, and Attitudes (2015); IES 5, Initial Professional Development - Professional Experience (2015); and IES 6, Initial Professional Development - Assessment of Professional Competence (2015).

IPSASB Publishes Exposure Draft 61 Proposing Revisions to the Cash Basis IPSAS

The International Public Sector Accounting Standards Board® (IPSASB®) released for comment *Exposure Draft (ED) 61, Amendments to Financial Reporting under the Cash Basis of Accounting* (the Cash Basis IPSAS™).

The Cash Basis IPSAS has two parts. Part 1 identifies requirements that a reporting entity needs to adopt to claim that its financial statements comply with the IPSAS. It presently includes requirements for preparation of consolidated financial statements and for disclosure of information about external assistance and payments made by third parties. ED 61 proposes that these requirements be revised, recast as encouragements, and moved into Part 2 of the IPSAS. Part 2 identifies encouraged disclosures that an entity may choose to provide, but which are not required to claim compliance with the IPSAS.

The ED also proposes amendments to ensure that the existing requirements and encouragements of the Cash Basis IPSAS are better aligned with the equivalent accrual IPSAS, unless there is a reason to deviate as a result of adopting the cash basis of accounting. This will better support entities' expected use of the Cash Basis IPSAS as a platform from which to transition to accrual IPSAS.

"The amendments proposed in ED 61 aim to remove practical obstacles to implementation of the Cash Basis IPSAS," said IPSASB Chair Ian Carruthers. "These proposals respond to views expressed by our constituents that wider adoption of the Cash Basis IPSAS will enhance financial reporting by governments in developing economies that adopt a cash basis of accounting. They should also strengthen the Cash Basis IPSAS in its role as an important transition path to adoption of accrual

IPSAS. We look forward to receiving constituents' views on these proposals."

First issued in 2003, the Cash Basis IPSAS is the only IPSASB pronouncement that deals with the cash basis of accounting. Respondents to the IPSASB's 2014 strategy consultation supported retaining the Cash Basis IPSAS.

"The primary role that the Cash Basis IPSAS plays in the IPSASB's overall standard-setting strategy is as a stepping stone to adoption of accrual IPSAS," explained Mr. Carruthers. "While robust reporting on the cash basis contributes significantly to broader improvements in public sector financial management in many jurisdictions, it provides only part of the information that the users of financial statements need for accountability and decision-making purposes. Such information is best provided by adoption of accrual IPSAS."

How to Comment: The IPSASB seeks comment on those paragraphs or sections of the Cash Basis IPSAS that are proposed for amendment. To enhance understanding of the proposals, a marked-up version of the Cash Basis IPSAS reflecting the changes proposed in ED 61 is available on the IPSASB website.

To access the ED, the marked-up proposed IPSAS, and the At-a-Glance document, which provides a summary of the ED, or to submit a comment, please visit the IPSASB website at www.ipsasb.org. Comments on the ED are requested by **July 31, 2016**. The IPSASB encourages IFAC members, associates, and regional accountancy organizations to promote the availability of this ED to their members and employees.

AWARDS

The Board of Governors of Pakistan Institute of Public Finance Accountants is pleased to award the following **Special Certificates of Merit & Certificates of Merit** to the candidates showed Outstanding Performance in the level(s) and paper(s) of Level 1, 2, 3 & 4 Examinations held in **Nov. 2015**.

Special Certificate of Merit

S.No.	Roll No.	Name	Level	Sector
1.	3200482	Ghulam Nabi	Level-1	Punjab Govt.
2.	3200483	Muhammad Zahid Yaqub	Level-1	Punjab Govt.

Certificates of Merit

S.No.	Roll No.	Name	Paper	Sector
1.	3200482	Ghulam Nabi	Quantitative Methods	Punjab Govt.
2.	1108703	Muhammad Tashfeen Yousuf	Basic Accounting	Corporate
3.	4300259	Muhammad Jawad Ur Rehman Bhutta	Business English and Behavioral Studies	PMAD
4.	1108417	Muhammad Rafi Malkani	Cost Accounting	Corporate
5.	3200489	Bakht Nawaz	New Accounting Model	Punjab Govt.
			Financial Audit Manual	Punjab Govt.
6.	1403309	Rehan Ahmad	Taxation	Corporate
7.	2201384	Khadija Jamil	Management Accounting	AGP
8.	1108497	Muhammad Hussain	Financial Reporting	Corporate
9.	1301255	Kashif Shahzad	Audit, Assurance and Ethics	Corporate
10.	1302338	Saima Habib Rana	Audit, Assurance and Ethics	Corporate
11.	4300035	Jamal Abdul Nasir	Pay, Pension & TA Rules	PMAD

PIPFA - CIPFA MoU Ceremony & Public Financial Management Conference



Pakistan Institute of Public Finance Accountants (PIPFA) and **Chartered Institute of Public Finance & Accountancy (CIPFA)** UK have joined hands to help deliver strong public financial management in Pakistan. This collaboration will ensure both institutes work together to advance help high quality public financial management in Pakistan through capacity building and professional development opportunities for PIPFA members.

MOU Signing Ceremony between PIPFA-CIPFA' followed by 'Public Financial Management Conference' was held at Avari, Lahore on **12th October 2015**. This event was sponsored by Department of the Auditor-General of Pakistan.

Honorable Auditor-General of Pakistan, Rana Assad Amin graced the prestigious occasion as Chief Guest. More than two hundred professionals belonging to Pakistan Audit & Accounts Service, Ministry of Finance, Federal Board of Revenue, Government of the Punjab, ICAP, ICMA Pakistan and PIPFA participated in the event.

The purpose of this **Memorandum of Understanding (MOU)** is to create a basis for cooperation and collaboration between CIPFA and PIPFA for the advancement of high quality public financial management in Pakistan through joint activity in a number of areas including:

- The development of the accounting profession in the public sector to strengthen public financial management in Pakistan;

- The development of membership routes to support and strengthen the accounting profession and public financial management through PIPFA, in Pakistan;
- Identify and collaborate jointly on capacity building projects on Pakistan, to strengthen the accounting profession and public financial management.

The MOU reflects the both bodies are mutually integrating their resources, capabilities, expertise and acquaintance to go beyond in achieving a magnificent public financial management.

The Conference consisted of three technical sessions. Guest speakers of these technical sessions were renowned financial experts having vast experience in government and corporate sectors. These included Dr. Salman Shah, former Finance Minister, Martin Sinclair & Ms. Salema Hafiz from CIPFA UK, Senator Osman Saifullah, Tariq Bajwa, then Chairman FBR, Dr. Shujat Ali Additional Finance Secretary, Abdullah Yusuf former Federal Secretary/Chairman FBR, Jamal Abdul Nasir Usmani Dy. Auditor General and Shahid Nadeem DG HRM. Each technical session comprised presentation of papers by the guest speakers followed by Question-Answer session.

The Conference was concluded with a vote of thanks by Executive Director PIPFA to the guests and participants and gratitude on behalf of PIPFA to the Department of the Auditor-General of Pakistan for sponsoring the PFM Conference.

Glimpses of Conference



Career Counseling Seminars

Pakistan Institute of Public Finance Accountants (PIPFA) team and Executive Mar-Com conducted awareness sessions on "Benefits of Pursuing Career as a Professional Public Finance Accountant" in urban cities of Pakistan. Fifteen career counseling seminars were conducted at Islamabad Karachi, Lahore, and Faisalabad through which 1090 students were counseled. The objective of this activity is to raise awareness about PIPFA, its importance in Public and Corporate Sector, PIPFA's study scheme and ultimate jobs opportunities available for PIPFA Members and Qualified individuals in the market and encourage them to join PIPFA and serve our nation as a Professional Public Finance Accountants.

The sessions conducted by Atiq-ur-Rehman Deputy Director Islamabad Office, Mr. Naeem Akhtar, Executive Incharge Faisalabad and Sania Ahsan, Executive Mar-Com Karachi Office. PIPFA IEC material (brochures, folders and pens) were distributed among the students. Students were keen and enthusiastic to know about public finance accountancy as a profession. The participants were very engaging and come up with many interesting queries. The PIPFA team raises awareness and facilitated students raising their higher education needs with PIPFA's Qualification. Overall conducting seminars through Interpersonal Communication IPC technique is very strong platform and opportunity to give adequate

and appropriate information to the students about pursuing accountancy as a profession. The Colleges and Universities visited are as follows:

Karachi

The Jinnah University for Women Nazimabad, Khatoon E Pakistan College Stadium Road, Adamjee Coaching Centers Students, Pakistan Educational Foundation College PECHS, Coast Guard School & College Saddar, Government Elementary College, Shaheed-e-Millat College Azizabad, Bahria Foundation College Abul Hassan Isphani Road and Premier Girls College North Nazimabad.

Islamabad

The Professional Education Network F-8 Markaz and Govt. Post Graduate College Sector H-8.

Lahore

The Standard College Muslim Town.

Faisalabad

The Madina Group of Colleges, Superior University Jaranwala Road, Waince College of Commerce and Superior Group Of Colleges.



Lahore



Faisalabad



Karachi



Islamabad

Workshop on Improving Resume Writing and Interviewing Skills

Pakistan Institute of Public Finance Accountants (PIPFA) Faisalabad Branch Committee has organized a Workshop on "Improving Resume Writing and Interviewing Skills" held on Sunday 06 September, 2015 at Hotel One Faisalabad the course facilitator was Ms. Hina Arshad (HR specialist Coca-Cola Beverages Pakistan Ltd).



Mr. Umer Saeed Treasurer, University of Agriculture senior Member of PIPFA and Mr. Abdus Salam, member FBC and associate member of PIPFA and ICAP appreciating the PIPFA Faisalabad Branch Committee for organizing such a wonderful session. The Workshop was concluded by distribution of shields to the distinguished speaker.



Seminar on Corporate Taxation and Provincial Sales Tax

Pakistan Institute of Public Finance Accountants (PIPFA) Faisalabad Branch committee along with CPD committee of ICAP Faisalabad has arranged a Seminar on "Corporate Taxation and Provincial Sales Tax (Punjab)" at ICAP Center Faisalabad Mr. Irfan Ilyas, Fellow Member of ICAP and Partner of M/s. Ilyas Saeed & Co., Chartered Accountants, was the speaker and Mr. Suleman Zahid Jamil, FPFA, FCA was the Chief Guest for this informative session. The presentation covered various Sales tax Special Procedure Rules regarding Sales Tax Withholding and extra tax, Registration Rules and the Taxation regime for Five Export Oriented Sectors besides time of supply.



Seminar on Examination Techniques

PIPFA Branch Committees Karachi, Islamabad, Lahore and Faisalabad has organized seminars on examination techniques to help student in solving paper and how to overcome general mistake made by students in answering the questions. A good

number of students attended the seminars. Student's queries were entertained and PIPFA teams ensured that all necessary information must be delivered effectively among the students.

22nd Annual General Meeting

The 22nd Annual General Meeting of Pakistan Institute of Public Finance Accountants held at ICMA Pakistan's Islamabad office, connected through Video conference at ICMA Pakistan offices at Karachi, Lahore and Faisalabad on 7th November 2015.





Things go wrong without warning
That's why we give you what no one else does

FREE Takaful (Islamic Insurance) Coverage on all accounts*

Upto Rs. 1 million
Takaful Coverage* in case of
an accidental death or
permanent disability

100% Takaful Coverage*
on any amount withdrawn from an
ATM and subsequently snatched

**FREE Takaful Coverage starts with an average balance of just Rs. 10,000
and is available to all existing and new Individual, Joint and Sole
Proprietor account holders of Meezan Bank.**



Meezan Bank
The Premier Islamic Bank

ARGUS ■

* Terms and conditions apply.
For details, please visit https://www.meezanbank.com/free_takaful.aspx
Takaful Coverage is provided by Pak-Qatar General Takaful Ltd.

111-331-331 & 111-331-332 www.meezanbank.com  / MeezanBank

بَيْنَكِ اِسْلَامِي



AS SIMPLE AS ABC...

BankIslami's Islami Asaan Account gives you freedom to open an account in 3 simple steps:

A. Visit your nearest branch B. Fill Asaan account form C. Submit CNIC copy

Features of Islami Asaan Account:

- Open your account with Rs. 100
- Free Cheque book*
- Free E-Statement facility
- Free Payorder*
- Free Internet Banking facility
- Visa debit card
- SMS Alerts
- Facility of opening a Current, Saving or Sahulat account



/bipl.official



/BIPLOfficial



/bankislami-pakistan-limited



/biplofficial



/BIPL

*Conditions apply

Serving you, the Right way

317 BRANCHES
93 Cities

BankIslami Pakistan
www.bankislami.com.pk

24/7 Phone Banking
111-ISLAMI (111-475264)