



# Institute of Certified Public Accountants of Pakistan

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## CPA Pakistan

Chronicle of February, 2017



**CPA PAKISTAN PRINCIPAL OFFICE:** P-27 East Canal Road, Opposite to Faisal Garden, Faisalabad.

lavished executive hall, staff room and administrative offices etc.



ICPAP staff has already started to provide services in principal office.

## Inauguration of Principal Office

We are pleased to announce that ICPAP had inaugurated its principal office on February 26th, 2017 in Faisalabad that is built on total land area of 5.5 Kanals. The campus contains state of the art infrastructure and facilities, 23 modern lecture rooms (capacity of 50 students each), conference room, comprehensive library, fully equipped computer lab and auditorium,



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## ICPAP Award Ceremony

ICPAP held an award ceremony in its principal office in Faisalabad on the same day the office was inaugurated.



The ceremony was graced by Mr. Majid Rasheed (President CPA-Pakistan) and Mr. Muhammad Shoib Aslam (Executive Director CPA-Pakistan). All the regional coordinators from Pakistan and beyond also participated in the ceremony.



After the inauguration, shields were awarded by the President to high performing coordinators in acknowledgment of their services.



## List of Achievers

Following coordinators were awarded with the shields for their services towards CPA Pakistan:

1. Mr. Shahzad Abbas
2. Mr. Khalid Mehmood
3. Mr. Ahsan Nadeem
4. Mr. Irfan Mahmood
5. Prof. Usman Ali Chaudhary
6. Mr. Iftikhar Baig
7. Mr. Fahad Abdul Ghani

## Full Exemption in Institute of Financial Accountants (IFA) UK

CPA Pakistan members can now avail full exemption in IFA UK subject to the payment of nominal transference fee.



The matter of full exemption in IFA UK therefore is a matter of great pleasure for the members and students of ICPAP as it signifies the increase in stature of CPA Pakistan.

### **About IFA UK**

Established in 1916, the Institute of Financial Accountants (IFA) is an internationally recognized professional accountancy body. Its members work within micro and small- to medium-sized enterprises or in micro and small- to medium-sized accounting practices advising micro and SME clients.

The IFA is part of the Institute of Public Accountants (IPA) of Australia Group, the world's largest SME-focused accountancy group, with 35,000 members and students in 80 countries. IFA offers a programme of professional qualifications and education as well as resources, events, training and seminars. IFA reached its centenary in September 2016. The IFA is a full member of the International Federation of Accountants (IFAC) the global accounting standard-setter and regulator.

IFA is also recognized as an awarding organization by Of-qual, the UK public body responsible for maintaining and monitoring standards for general and vocational qualifications and examinations.



ICPAP previously had an MoU with IFA UK whereby CPA members were awarded Diploma in Financial Accounting by IFA UK.

## MoU with TMUC

ICPAP signed an MoU with the Millennium University College to induct the said organization as a registered tuition provider for its CPA program.

It was the desire of the CPA students to arrange a well-established tuition provider with appropriate resources for conducting high standard coaching classes for CPA subjects. Their desire is indeed fulfilled with the signing of the MoU.

### **About TMUC:**

The Millennium University College TMUC ([www.tmuc.edu.pk](http://www.tmuc.edu.pk)) is Pakistan's first and largest transnational education group -

operating purpose built University Campuses across major urban cities and offering International programmes and highly reputed- degrees and skills qualifications at home.



Recognized by the Higher Education Commission HEC of Pakistan, TMUC is an institution of higher learning dedicated to providing innovative undergraduate, postgraduate, MBA, professional, skills, accounting, innovative sciences, fashion, design, media and business education.

Students can avail tuitions from any of the following TMUC campuses:

#### **Islamabad**

No.68, South Street, Sector H-11/4  
Islamabad, 44000, Pakistan  
Tel: +92(0)51 111-118-682  
Email: [info@tmuc.edu.pk](mailto:info@tmuc.edu.pk)

#### **Rawalpindi**

Bahria Town, Phase 7,  
Rawalpindi, 46000, Pakistan  
UAN: +92 (0)51 111-118-682  
Email: [info@tmuc.edu.pk](mailto:info@tmuc.edu.pk)

#### **Lahore**

Bahria Orchard, Main Raiwand Road,  
Opposite Chinar Bagh,  
Lahore 54000, Pakistan  
UAN: +92 (0)42 111-118-682  
Email: [info@tmuc.edu.pk](mailto:info@tmuc.edu.pk)

#### **Gujranwala**

Main Sialkot Bypass Road  
Gujranwala 52250, Pakistan  
Tel: +92 55 200066-67 UAN: +92(0)91  
111-118-682  
Email: [info@tmuc.edu.pk](mailto:info@tmuc.edu.pk)

#### **Peshawar**

Phase - III, Gulabad Chowk, Jamrud Road,  
Peshawar 25000, Pakistan  
Tel: +92 91 5611840-1 UAN: +92 (0)91-  
111-118-682  
Email: [info@tmuc.edu.pk](mailto:info@tmuc.edu.pk)

#### **Karachi**

Bahria Town, Main Super Highway,  
Karachi 75500, Pakistan  
Tel: +92 (0)21 111-118-682  
Email: [info@tmuc.edu.pk](mailto:info@tmuc.edu.pk)

## Winter 2016, Exams Results:

On 14<sup>th</sup> February, 2017 the result was announced for the exam session Winter, 2016. Overall Passing percentage remained to be 47.6 % in the said session. The said percentage may vary slightly as the rechecking process has begun.



## Recruitment of new Exams Coordinator:

As a result of resignation of Mr. Muhammed Shahzeb Ghani the post of Exams Coordinator turned vacant in February, 2017.



After advertisement of the post and detailed recruitment process, Mr. Jamil Ahmed Khan was selected as the new Exams Coordinator.

He joined the office on February 13<sup>th</sup>, 2017 and started to serve immediately.

## List of Members February, 2017

Following candidates successfully fulfilled all the prerequisites of membership of CPA Pakistan and were therefore inducted as members in February, 2017

<b>M. No</b>	<b>Name</b>
M-1777	Muhammad Shahzeb Ghani
M-1776	Sana Ullah
M-1775	Rabia Zafar
M-1774	Ahmed Nor Omar Ali
M-1773	Tharshakumar Tharmakulasingam
M-1772	Mukarram Ali Khan
M-1771	Amjad Ali
M-1770	Syed Aqeel Ahmed
M-1769	Muhammad Irfan
M-1768	Syed Karar Hussain Shah
M-1767	Muhammad Amjad
M-1766	Farrukh Abbas Wahla
M-1765	Tanveer Ahmed Kaziya
M-1764	Zubair Ahmed
M-1763	Ahmad Abdullah Khan
M-1762	Shafique Khan
M-1761	Shahbaz Ali Bhutta
M-1760	Muhammad Rameez Nazeer Bhutta
M-1759	Syed Nabi Hussain

**Note: This article is included to understand IS/IT Audit in the broader context of Audit of Accounts & Finance**

### **TO RE-AUDIT OR NOT TO RE-AUDIT**

The auditors arrive, do their work, and write a report that includes critical recommendations that could be seen as an instruction: "...the auditee shall..." Should the audit strategy and planning call for a review (e.g., one year after issuing the final report) to see if they have been implemented and, if so, whether the implementation has been completed in a way that significantly reduces business risk? While this makes good sense, the challenge is that the audit universe has become so large that re-auditing issues are bound to conflict with the overall audit plan.

### **THAT UNWELCOME FEELING Many auditees mistrust the auditors:**

Their findings are the equivalent of calling the auditee's baby "ugly." No parent would ever do this, but then, there are ugly babies. Therefore, unless a good working relationship has been established over the years, the auditor cannot expect a warm welcome or for the auditees to share their problems and concerns.

# Trust, but Verify

## (Information System Audit Basics)

A poor welcome could include finding that the auditors have been assigned poor accommodations, possibly in an inconvenient location, limited support facilities (e.g., printers, photocopiers, locked doors and cabinets, shredders), an unhelpful contact point or discovering on short notice that a critical person is not available for discussions. There will be many plausible excuses. It is never a good time to conduct an audit and accommodation is an issue almost everywhere. If the arrangements are really poor, it may be good to have the chief audit executive (CAE) speak with a senior manager who can act to resolve the issue and understand the root cause of the situation.

### **THINGS AUDITEES MAY "FORGET" TO DISCLOSE**

A competent and experienced information systems (IS) manager would be expected to anticipate what the auditors may find by conducting a brutally honest assessment of the many aspects of IS and IT. Guidelines and frameworks such as COBIT® 5 can facilitate this task.

In practice, this does not happen often as other activities, deemed more urgent, displace these and before you know it, it is audit time again. If the auditee can demonstrate to the auditor that they care about the audit process;

that they understand how it is conducted; and then come up with a list of findings, observations and corrective actions by themselves, the relationship would be strengthened and it would make better use of the auditor's knowledge and experience. The downside of keeping information from the auditors is that they will find out by chance or by process.

In one example, there was a wiring cabinet in an office environment for a critical network that the "owner" had known for years consisted of spaghetti cabling, equipment on the floor and a tree of extension leads. This was not mentioned at the start of the audit, but as the auditors were passing by, someone opened the cupboard door. A photograph of the scene was included in the draft and final audit reports, despite requests for its removal.

### **LOOK AND LISTEN**

The examples in the previous section show carelessness and incompetence, but not malice. Unfortunately there are many more things that the auditees know that their management does not. This becomes an explosive issue when it involves the means to work around sound policies (e.g., need to know, least privilege, segregation of duties, change management). Here are some examples collected over many years.

A homemade, old (e.g., COBOL) financial application was made Y2K-compliant and fully met the needs of the organization. It was robust, reasonably well documented and maintained by a small team that had done so since the initial design. During an audit that did not involve this application, it was discovered that the lead developer had embedded undocumented hidden accounts and backdoors, not to be abused, but to “help” the organization toward bypassing the usual controls. And, there was no record of who had what access controls and privileges or if any were kept by individuals as their careers progressed. Furthermore, weak change control supported these changes. The lead designer was due to retire, and once the auditors became unofficially aware of this, the question arose as to whether a colleague months or years away from retirement should hold the “secret” of these unofficial features. The management view was a clear no, and the system was retired and replaced by a commercial application with role-based access controls and more manageable super user features. Super user privileges can be a problem. In another case at a different organization, the design of an enterprise resource planning (ERP) system had a project manager who assigned himself extensive super user rights. After the project was completed, nobody thought to verify what rights were retained by the implementation team.

An even more extraordinary situation happened when a senior executive at an organization instructed that all security policies be withdrawn and the organization’s data be declassified in order to be fully transparent. Neither internal audit, risk management nor legal counsel were consulted and nobody was willing to say, “The emperor has no clothes.”

### **SERENDIPITY**

Sometimes one has the good fortune of coming across something interesting without looking for it. Here are some examples. • The invisible single point of failure—A law enforcement unit (in the 1980s) was implementing a new secure network of leased lines. The service provider designed it to ensure that different cable routes provided resilience. Surprise! The two leased lines entered the building through a single point accessible through a manhole in the street just outside the main entrance.

### **• External audit of a large and complex information systems and technology department**

During an audit, the systems architecture, i.e., how applications exchanged data with other applications—with or without format conversion, dynamically, by file transfer—was requested. Lo and behold, it had not been documented. There was no comprehensive systems architecture listing, for example, the name of the system, its custodian, purpose, high-level functionality and interfaces. Moreover, there was no statement about the system’s condition (e.g., robust, well documented, frozen) and planned activities.

This led to an unplanned question about the data architecture, as the audit team tried to understand how many data entities were duplicated across systems (in incompatible formats, of course), and this was received with a “not in my job description” response.

### **Hidden or forgotten opportunities**

In fact, there is plenty out there neatly hidden or forgotten, including software licenses that are paid for, but not used; large, over-optimistic and under resourced projects; renewals and upgrades postponed until the service deteriorates, bypassing procurement rules; critical activities for which there are no backups for the responsible individuals; and unqualified individuals (e.g., interns or trainees) doing things beyond their capabilities. Some are due to weak management or political posturing (e.g., “It is my budget and I will do it despite what you say.”); others are caused by SMRC (saving money regardless of cost), also referred to as “shareholder value.”

### **CONCLUSION**

There is much to be gained from an open, collaborative relationship between auditors and auditees in which both parties focus on understanding and managing business risk. Rationally, we all know this is the case, but human factors such as lack of trust and organizational politics often get in the way

Ref: <https://www.isaca.org>