PIPFA JOURNAL

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The daughter of greed

Fraud

Pakistan Institute of Public Finance Accountants

Pakistan Institute of Public Finance Accountants

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"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

CONTENT

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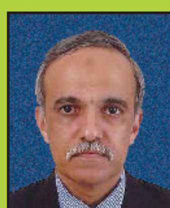

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I am extremely honored and privileged to present Volume-17 of PIPFA Journal which touches the concept of Fraud Prevention and Detection, Taxonomy of Fraud, Financial Statements Manipulation and White Collar Crime. The existence of fraudulent activities, corruption and manipulation of financial statements reduces business credibility. It is undermines the integrity of professionals when they misuse their positions for personal gain.

These all can result in inefficient businesses, misuse of resources, increased financial crimes and weakened development. When resources are tampered with and used improperly, the efficiency of a business suffers. When the news about corrupt business professionals breaks, customers lose respect and trust, requiring company officials to spend valuable time and resources to monitor the fallout and reassure clients that the company is still viable. In addition to the inefficient use of resources, corruption can have a number of other economic impacts on business. Employee ranks often are inflated to cover up the corrupt officials'activities. The cost of increasing employee ranks in addition to any embezzlement that is going on is passed on to consumers in the form of higher prices. Prices also can be inflated when corruption takes place outside a company in the form of corrupt government officials who take bribes. Consumers pay the costs of vendor corruption when purchasing agents require payoffs, or when vendors skim profits and raise prices to cover their illegal activities.

To me, corporate frauds are manifestation of the failure of corporate governance mechanism. It is manifestation of a culture of competition which spurs and motivates rule breaking as the power of business concern expands and misuse of executive power, also involving personal gains. It seems that normally, a short term objective of good results instead of long term sustainability is leading to growing fraudulent practices. These frauds are also occurring due to collective failure of the regulatory oversight mechanisms like the statutory auditors, the independent Directors, the Board, the shareholders and other regulators. This is, where a lot of correction, in our society is required.

However, all our efforts may fall short of expectations unless higher integrity standards are followed by the corporate sector and finance professionals; and punitive actions are taken against the culprits without delay.

I will conclude with a quote of Frederick W. Robertson that "There are three things in the world that deserve no mercy, hypocrisy, fraud, and tyranny."

Mohammad Maqbool

Chairman Publication & Seminar Committee

It is my great pleasure to greet you on behalf of Publication and Seminar Committee of PIPFA.

Our publication carries articles form has highly innovative personnel, and they are creating new knowledge, new capacities, and new ways of learning materials that will serve our students and members, the state, the nation, and the world extremely well.

I would like to talk about fraud. Not the most pleasant of subjects but nevertheless something we need to talk about in order to make sure that awareness of the potential for fraud is ever present.

The covered topics in context corruption and white collar crimes are emerging practices in today's corporate world and it is immense important to understand them. Corruption within a firm can dent the image of the business organization concerned. Competition is unfairly affected when investors' risk is multiplied by changing business climates that follow corrupt business practices. Due diligence is defeated when the facts change according to the current levels of corruption. Practical investors steer clear of businesses with a corrupt history.

Sister companies have also been used as a way to spin off debt as new business. Another form of financial manipulation can be found during the merger or acquisition process. A classic approach to this type of manipulation occurs when management tries to persuade all parties involved in the decision-making process to support a merger or acquisition based primarily on the improvement in the estimated earnings per share of the combined companies.

Now talking about money laundering, it facilitates crime and corruption within developing economies, which is the antithesis of sustainable economic growth. The negative economic effects of money laundering on economic development are difficult to quantify. However it is clear that such activity damages the financial-sector institutions that are critical to economic growth reduces productivity in the economy's real sector by diverting resources and encouraging crime and corruption, which slow economic growth, and can distort the economy's external sector – international trade and capital flows – to the detriment of long-term economic development. Effective anti-money-laundering policies, on the other hand, reinforce a variety of other good governance policies that help sustain economic development, particularly through the strengthening of the financial sector.

I would also like to applaud the readers here to take the necessary steps to educate and safeguard your business against the unsavory elements of fraud. I urge you to absorb the information and integrate the lessons learnt into your professional and personal lives wherever applicable.

Khawaja Ehrar-ul-Hassan

WHITE COLLAR CRIMES

By: Banti Lal, APFA

ABSTRACT

After undertaking extensive research become enable to light on the criminal activities carried out on the corporate side, this research article give insight of three segments first is about Fraud and associated amazing model "Fraud Triangle" which is essential to understand before moving ahead on second White collar crimes and lastly Money Laundering……..!!

FRAUD

Actually there is no precise legal definition of fraud. It is a type of criminal act of deception intended for personal gain or to cause a loss to another party.

Generally fraud includes:

- Abuse a position.
- Fail to disclose information
- Prejudicing someone's rights for personal gain.
- Deception whereby someone knowingly makes false representation

FRAUD TRIANGLE

The term fraud triangle was first coined by American sociologist Donald R. Cressey worked extensively in the fields of criminology and white-collar crime while researching his doctoral thesis in the 1950s, came up with this hypothesis to explain why people commit fraud.

The Fraud triangle framework is designed to explain the reasoning behind decision to commit fraud. The three stages, categorized by the effect on the individual, can be summarized as pressure, opportunity and rationalization are depicted as below:

Stage 1 - The pressure on the individual. The motivation behind the crime and can be either personal financial pressure, such as debt problems, or workplace debt problems, such as a shortfall in revenue.

Stage 2 - The opportunity to commit fraud. The means by which the individual will defraud the organization. In this stage the worker sees a clear course of action by which they can abuse their position to solve the perceived financial problem.

Stage 3 - The ability rationalize the crime. This is final stage in the fraud triangle requires the fraudster to be able to justify the crime in a way that is acceptable to his or her internal moral compass. Rationalizations are often based on external factors, such as a need to take care of a family, or a dishonest employer which is seen to minimize or mitigate the harm done by the crime.

WHITE COLLAR CRIME

White-collar crime refers to financially motivated non-violent crime committed by business and government professionals. It was first defined by sociologist Edwin Sutherland in 1939 as "a crime committed by a person of respectability and high social status in the course of his occupation" within criminology.

Today, our society is full of white collar crimes. Affluent, respectable people commit these crimes in the course of everyday business. White-collar crimes are like income tax dodging, stock manipulation, consumer fraud, bribery, and withdrawal of kickbacks, larceny, and distortion of commercial information. Computer crime i.e. cyber crime is also a newer one. It enables embezzlement and/or electronic scam without leaving a paper trail.

Procurements and major development projects/schemes funded by foreign donors are another favorite areas providing money laundering opportunities are the prime targets of white color criminals. While white color crime involve pilferage of trillions of dollars; there have been few instances of men accused being prosecuted, because of the political patronage they enjoy and lack of credible forensic evidence trails. Unless these crimes become more acute, these influential criminal with 'power' and 'prestige' will continue with their actions.

Besides the monetary costs of this type of crime, that amounts to the billions of rupees every year. Still, white-collar culprits are treated very leniently compared to other kinds. They are not caught however bail before arrest is granted, their hearings always get delayed in the courts, and only financial fines are charged upon them in the end.

STRATEGIES TO COMBAT

Tackling White-Collar Crimes

The second most difficult aspect is to identify, locate and prove the white-collar crimes/ corrupt activities, those who are indulge in are so clever that they hardly leave any tangible proof of their crime. For example in the award of a government construction contract the applications will be invited, tenders will be filled/opened and contracts will be awarded fully 'in line' with the procedures written in. The pre-audits and post audit reports will be clear of any discrepancy or irregularity. But a huge sum of public money would have been misappropriated because all the settlements, bargains and monetary transactions will be done outside the ambit of the contractual activity.

The courts need concrete proofs against the culprits which are normally not available. This is the reason that when a government or its any functionary is labeled as corrupt, the person would say very confidently, "Well no one can become corrupt by pointing finger or through media trial, if you have any proof then go to the court." They know that their crime will never be proved. This is the reason why people remain in jails / detention for years on corruption charges and after being freed unscathed, claim to be 'clean, innocent and a victim of political oppression'.

The result is that the institutions are ruined, machinery is turned into scrap, people are rendered jobless / homeless, the government exchequer suffers huge financial loss, the national assets are sold out / privatized at throw-away prices, the institutions fear their closure, the government itself gets squeezed in the domestic and foreign debts and the persons responsible say shamelessly, "Go to the courts and prove our corruption."

As the issue is complex and difficult to prove, it is suggested that some unconventional measures may also be made part of the strategy. A person who is appointed as head of a certain department and the other members of the Board of Directors should be selected on merit. All of them should accept this task as a challenge and their output be measured on the standards of market economy. They should be given a specific period of time to show their performance.

Following should be taken as indicators of corruption in any institution:

- If the organization starts showing improvement in its financial position as compared to the previous time period, however small the improvement may be the performance should be taken in positive manner.
- If the financial position of organization does not show signs of improvement or shows even a downward trend, the management will be considered either incompetent or corrupt
- If the financial position slides drastically but the personal assets of the management increases substantially will be decidedly declared as corrupt. Apart from other penalties the management should be liable to make good the loss of organization through their personal resources.

The overriding indicator in all such cases will be the worsening situation of the organization and an ever inflating bank accounts / properties of their custodians.

Monitoring

The monitoring teams comprising civil society members, media persons, welfare organizations and persons of good repute may be formed to keep an eye on the ongoing projects and activities of government / semi-government departments and also on social evils / crimes. The media is playing a dynamic role in exposing the malpractices in the society. A large number of Suo Moto actions by the courts have been taken on the electronic media news. Media has the role of a watchdog in itself, an intelligence agency and the political opposition and must be utilized to the full benefit of society.

Downsizing

Extra large sizes of the government departments and ministries while downsizing the government departments, no employee should be dismissed / retired from the service as a rule. The role of the government is to create/ provide jobs and not to render the people jobless the surplus employees should be adjusted elsewhere.

Online Dealing

The online technology has revolutionized the dealings and should be applied this will not only reduce the chances of corruption but will also curtail the movement on roads and rush in the public offices, thus economizing on time, fuel and effort.

MONEY LAUNDERING

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source.

Money laundering is the process of illegally-gained proceeds i.e. "dirty money" appears legal i.e. "clean". The illegitimate funds are furtively introduced into the legitimate financial system. Then, Money obtained from certain crimes, such as extortion, insider trading, drug trafficking and illegal gambling is "dirty". It needs to be cleaned to appear to have been derived from legal activities so that banks and other financial institutions will deal with it without suspicion. Money can be laundered by many methods, which vary in complexity and sophistication.

Money laundering commonly happens in three steps: the first step involves introducing cash into the financial system by some means "placement"; the second involves carrying out complex financial transactions to camouflage the illegal source "layering"; and the final step entails acquiring wealth generated from the transactions of the illicit funds

"integration".

Different jurisdictions define crime predicating the offence of money laundering in different ways. In practice almost all serious crimes, including, drug trafficking, terrorism, fraud, robbery, prostitution, illegal gambling, arms trafficking, bribery and corruption are capable of predicating money laundering offences in most jurisdictions.

The objective of the criminalization of money laundering is to take the profit out of crime. The rationale for the creation of the offence is that it is wrong for individuals and organizations to assist criminals to benefit from the proceeds of their criminal activity or to facilitate the commission of such crimes by providing financial services to them.

Pakistan's Anti-Money Laundering Laws

To provide for prevention of money laundering and forfeiture of property derived from, or involved in, money laundering and for matters connected therewith or incidental thereto; The President of Pakistan at that time General Pervez Musharaf satisfied that circumstances exist which render it necessary t o take immediate action; therefore, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of the Islamic Republic of Pakistan, the President is pleased to make and promulgate the Ordinance may be called the Anti-Money Laundering Ordinance, 2007.

From the aforesaid ordinance, I would like to highlight key areas depicted as below:

Investigating or prosecuting agency means the National Accountability Bureau (NAB), Federal Investigation Agency (FIA), Anti-Narcotics Force (ANF) or any other law enforcement agency as may be notified by the Federal Government for the investigation or prosecution of a predicate offence. These are the institution than become responsible and perform key role in investigating and forwarding conclusion of the scams.

Section- 3 of the ordinance defines about how a person shall be guilty of offence of money laundering.

Section- 4 of the ordinance defines about punishment for money laundering. Which states that whoever commits the offence of money laundering shall be punishable with rigorous imprisonment for a term which shall not be less than one year but may extend to ten years and shall also be liable to fine which may extend to one million rupees and shall also be liable to forfeiture of property involved in the money laundering.

SBP Regulations

State Bank of Pakistan (SBP) compiles the Anti-Money Laundering/ Combating Financing of Terrorism (AML/CFT) Regulations from time to time for convenience of users the amendments are made in these regulations through issuance of Circulars/Circular letters. In case of any ambiguity, users may refer to the Circulars/Circular letters on the relevant subject(s), which are available on SBP's website (www.sbp.org.pk).

The regulatory framework for combating money laundering and terrorist financing is applicable in the form of AML/CFT Regulations as amended from time to time. Keeping in view of growing sensitivities on domestic and international front, there is need to focus on the areas where related risks are relatively high in order to allocate resources in the most effective way. Accordingly, guidelines are aimed at providing enabling environment for effective implementation of risk based approach considering banks' internal policies, procedures and risk parameters etc.

The Taxonomy of Fraud

By: Zeeshan Dossani, APFA

The Association of Certified Fraud Examiners (ACFE), the Institute of Internal Auditors (IIA) and the American Institute of Certified Public Accountants (AICPA), in their collaboratively sponsored publication "Managing the Business Risk of Fraud: A Practical Guide" , define fraud as:

"Fraud is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain".

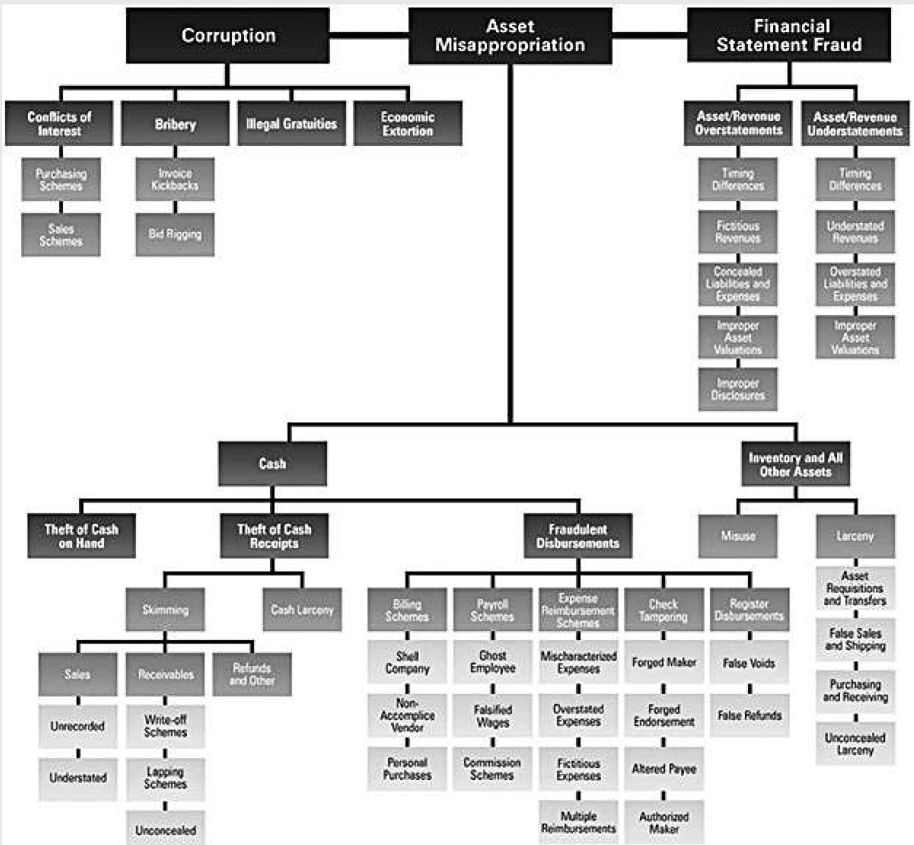
Likewise, Black's Law Dictionary presents one of the definitions of fraud as: "Fraud consists of some deceitful practice or willful device, resorted to with intent to deprive another of his right, or in some manner to do him an injury".

The most noticeable words in these definitions are "intent"and "will". These are infact the primary attributes responsible for distinguishing fraud from error; thus making the former largely punitive while the latter culpable to quite a lesser extent.

The history of fraud dates back to as anciently as one can imagine. However, the circumference of fraud on businesses, coupled with the naivety of fraudsters and the complexity of their fraudulent actions has been ever increasing with the passage of time. Hence, organizations worldwide are becoming more and more proactive in coping with this menace by installing various checks and controls, hiring fraud experts and auditors, and enriching compliance programs. Unfortunately, despite all these responses, news about fraud taking its toll on organizations - big and small - keeps on headlining every now and then. Even the big fish organizations such as Enron, Satyam, Lehmann Brothers, Worldcom, Tyco and AIGcould not escape from the clenches of fraud. Weeks ago, the Japanese technology giant Toshiba also joined the league by declaring that it had been carrying out financial statement fraud from past six years. As per ACFE's "Report to the Nations on Occupational Fraud and Abuse: 2014 Global Fraud Survey" (henceforth "2014 Global Fraud Survey report"), a typical organization ordinarily loses 5% of its annual revenues to fraud. This percentage, when applied to 2014's estimated Gross World Product, translates to an estimated global loss of nearly PKR 389 trillion (USD 3.89 trillion).Thus, it becomes imperative to accentuate that organizations, nowadays, face an increased level of threat from fraud than ever before.

Fraud theory, however, is not so simple to understand as is implied from any of its definitions. That is why it has been divided into various types and categories by the ACFE - each having peculiar characteristics and elements. The following chart, commonly known as the Fraud Tree, exhibits the complete classification of fraudulent activities:

The three major categories of fraud are Corruption, Asset Misappropriation and Financial Statement Fraud constituting, as per the 2014 Global Fraud Survey report, 37%, 85% and 9% respectively of the total fraud instances reported by survey participants. However, in terms of median loss per fraud instance, financial statement fraud proved to be the most expensive, causing a median loss of PKR 100 million (USD 1 million); followed by corruption and asset misappropriation causing median loss of PKR 20 million (USD 0.2 million) and PKR 13 million (USD 0.13 million) respectively. In the following paragraphs, we will dissect each of these categories briefly.



First category of fraud schemes - corruption:

Black's Law Dictionary defines term corruption as:

"The act of an official or fiduciary person who unlawfully and wrongfully uses his station or character to procure some benefit for himself or for another person, contrary to duty and the rights of others".

The definition typifies corruption as a misconduct carried out specifically in an official or fiduciary capacity. Let us look into the four types of corruption fraud along with a few examples of each:

a. Conflict of Interest: "A conflict of interest occurs when an employee or agent - someone who is authorized to act on behalf of principal - has an undisclosed personal or economic interest in a matter that could influence his professional role"

Thus, an act of corruption need not necessarily involve giving or taking of cash. Instead, it can also take form of a wrongful influence or conduct by the perpetrator. Avoiding situations involving conflict of interest is necessary because an agent or employee owes a duty of loyalty to his principal or employer, and therefore is obliged to put the interests of the latter above his own.

Examples of situations involving conflicts of interest are where:

- A procurement staff engages his employer in business deal with a vendor company controlled by his close relative or friend.
- A sales staff receives gifts or other favors from customers for negotiating deals on favorable terms.
- An employee working for an IT services firm starts a side business in personal capacity and diverts firm's customers to his business.
- An employee of a particular company takes a second job working for a direct competitor.

An important point to note is that for a transaction or influence to be fraudulent, it needs to be undisclosed. Therefore where the principal or employer has full knowledge of the relationship between its agent or employee and the party on the other side of the deal, no fraud takes place.

b. Bribery: "Bribery may be defined as the offering, giving, receiving, or soliciting anything of value to influence an official act or business decision".

Bribery always requires giving or receiving of cash, some asset or something otherwise of benefit to (or sometimes by) someone in a position of authority, in order to influence some decision or action. This is the most common type of corruption fraud. Effectively, a bribe is a business transaction - albeit an illegal or unethical one. There are two forms of bribery fraud: Official bribery and Commercial bribery. The former refers to corruption of a public official to influence an official act of government, while the latter defines corruption of private individuals to gain commercial or business advantage.

c. Illegal Gratuities: "Illegal gratuities are items of value given to reward a decision after it has been made".

An Illegal gratuity is exactly same as bribery in its form. The only difference which makes it distinct from bribery is that it is given in order to reward some decision which has already been made, rather than to affect a decision which is yet to be made. Generally, giving of gift develops an expectation to receive similar gifts for making the same decision each time. That is why most companies prohibit receiving of illegal gratuity by their employees.

Following are a few examples of bribery or illegal gratuity, depending on whether it happens to be pre-facto or post-facto:

- A recruiter is given some gift (or something else of value) with regards to recruitment of a particular candidate irrespective of his/her profile.
- A contractor is given some gift for awarding contract to a particular bidder.
- A sportsperson is given a gift for playing in a particular style or to deliberately lose a match.

d. Economic Extortion: "Extortion is defined as obtaining of property from another, with other party's consent induced by wrongful use of actual or threatened force or fear".

A typical and popular example is where a mafia criminal goes shop by shop demanding for certain amounts of monies by threatening shopkeepers for their lives. In simple words, economic extortion cases are like "Pay up or else...." type corruption schemes. However, it is not necessary for all extortion schemes to include the threat of life - substance of extortion may also be economic.

SECOND CATEGORY OF FRAUD SCHEMES - Asset Misappropriation:

The term asset misappropriation has been defined as:

"the intentional, illegal use of the property or funds... by any person with a responsibility to care for and protect another's assets (a fiduciary duty)".

Compared to other categories, asset misappropriation comprises the simplest and least technical types of fraud. It has been divided into two major types, viz., misappropriation of cash and misappropriation of inventory and other assets. Cash misappropriation further divides into three categories, viz., theft of cash on hand, theft of cash receipts and fraudulent disbursements. These are elaborated below:

a. Theft of Cash on Hand:

Cash is an asset which is inherently riskier than all other assets primarily due to three factors;

i. it is lightweight, small in size, foldable and hence 'easilycarry-able'
ii. it's involvement in businesses is quite a lot as compared to other assets and usually requires frequent human contact,
iii. it is the most liquid asset out of all, thus easily convertible into another asset.

b. Theft of Cash Receipts:

Theft of Cash Receipts is of two types; one where the cash is stolen by a perpetrator without recording the same in cashbook, while the other where cash is stolen afterwards. Former type is called cash skimming whereas the latter, cash larceny.

Cash skimming is easier and less detectible as compared to cash larceny. Examples of skimming include:

A sales person receives cash against sales and pockets the same instead of recording it in the cashbook (Unrecorded Sales). Another version is where a salesman records the sales along with cash received by understatedamount, and pockets the difference (understated sales).

An accountant receives cash from a debtor but pockets it while writing-off the receivable balance (write-off scheme). Alternatively, the accountant may reduce the receivable balance correctly but increase some other (usually an inactive) debtor's balance (Lapping).

c. Fraudulent Disbursements:

In fraudulent disbursements schemes, an employee simply makes distribution of company's funds for a dishonest purpose. These are of five kinds:

1. Billing Schemes: A billing scheme is a fraud which makes wrongful use of the payments system of a business by manipulating the procedures and cause the business to make a fraudulent payment to the employee.
2. Payroll Schemes: These resemble billing schemes, with only exception that the false documentation based on which fraudulent payment is made comprises a timecard or similar documentation. These usually involve schemes whereby payroll payment is made to a ghost employee (ghost-employee schemes), or to a legit employee for some work which he has not done actually (falsified wages and commission schemes).
3. Expense Reimbursement Schemes: These are where employee manipulates an organization's expense reimbursement procedures

to generate fraudulent disbursements. These are usually carried out by obtaining reimbursement for personal expenses by presenting them as business expenses (mischaracterized expenses), by inflating authentic business expenses to claim amounts larger than actual expenses (overstated expenses), by claiming reimbursement for non-existent expenses (fictitious expenses), or by claiming reimbursement for a single expense multiple times (multiple reimbursements).

4. Register Disbursement Schemes: Register disbursements are payments made at store register when a customer returns a merchandise item previously purchased. These happen where an employee substantiates stolen cash by voiding a previously recorded sale transaction, as if the sale never happened (false voids). The latter constitutes when an employee fakes a refund transaction and pockets the cash resulting from the forged refund (false refunds).

d. Inventory and Other Assets:

There are two major kinds of such fraud: Misuse and Larceny. The former can be simply defined as wrongful or unauthorized use of a corporate asset by an officer or employee,such as personal use of company's computer for designing personal stationery.

On the other hand, larceny of corporate assets is of a greater concern. Larceny schemes are carried out in various ways such as; when employees usually move corporate assets from one place to another and in that process, arrange for these assets to be stolen (assets requisition and transfer); stealing corporate assets and then showing these as been sold to outside customers (false sales and shipping);where an employee causes a company to purchase a merchandise it does not need, and then misappropriates these merchandise (purchasing and receiving); or when a perpetrator simply steals a corporate asset without trying To Cover It (Unconcealed Larceny).

Third Category of Fraud Schemes - Financial Statement Fraud:

The term financial statement fraud has been defined as:

"Financial Statement Fraud is the deliberate misrepresentation of financial condition of an enterprise accomplished through the intentional misstatement or omission of disclosure in the financial statements to deceive financial statement users".

Note that financial statement fraud, much like all types of fraud, is an intentional act. Financial statement frauds are more like 'means to an end rather than an end in itself'. These schemes are carried out in order to fulfill some underlying purpose. Such schemes have been classified into following two types as under:

1. Asset/Revenue Overstatements: Few of the common motivations behind such schemes include:
   - To meet profitability targets/goals
   - To receive performance related bonuses
   - To dispel negative market perceptions
   - To obtain financing on favorable terms
   - To cover inability to generate cashflows.

Examples of such schemes include when an entity recognizes revenue prematurely (timing differences); recognizes revenue not earned by it (fictitious revenue); omits recognizing certain expenses and corresponding liabilities (concealed liabilities and expenses); overstates revenue and covers the same by overvaluing assets (improper asset valuations); or omits certain adverse but required disclosures from financial statements such as contingent liabilities, subsequent events and loan covenants.

2. Asset/Revenue Understatements: Two common motivations behind understatement schemes include:
   - To avoid taxes
   - To smoothen annual earnings while
   - anticipating lesser profits in subsequent years.

Understatement schemes are almost directly opposite of overstatement schemes as stated above.

Having looked into the various categories of fraud, one would often imagine about ways to prevent all these. However, considering the several types of fraud schemes and complexity involved therein, the preventative measures are also numerous and sometimes even more complex and difficult to ensure. Nevertheless, a simple theory about fraud, known as the "Fraud Triangle" and originated by the famous Criminologist Donald R. Cressey's hypothesis, provides us the theory regarding 'why fraud is committed'. Based on this this theory, one might try and understand the motivations and factors underlying various fraud schemes and play and effective role in fraud prevention by addressing such factors.

Corporate Fraud

Financial Statement Manipulation

By: Mohammad Faizan Motiwala, APFA

One of the biggest problems in the world of corporate finance (in fact, in the world of finance generally) is the manipulation of financial statements - management carrying out deliberate acts to achieve a desired outcome, occasionally for their own benefit.

Companies have been known to mislead, quite deliberately, their stakeholders (those people with an interest in the company's activities, including potential investors, employees, shareholders, Customs and so on).

Factors That Contribute to Financial Statement Manipulation

There are three primary reasons why management manipulates financial statements.

- First, in many cases themanagement has a direct incentive to paint a rosy picture of the company's financial condition in order to meet established performance expectations and increase their personal compensation.
- Second, Management uses some accounting policies in their favor as some Accounting Policies, afford a significant amount of flexibility in reporting, making it very easy for corporate management to paint a favorable picture of the financial condition of the company.
- Third, In Many Cases, the auditors could be tempted to bend the accounting rules to portray the financial condition of the company in a manner that will keep their client happy. Moreover, auditors typically receive a significant amount of money from the companies that they audit. Therefore, there is implicit pressure to certify the financial statements of the company in order to retain their business.

Modes of Financial Statement Manipulation

Investors should understand that there are a host of techniques that are at management's disposal. However, what investors also need to understand is that while most of these techniques pertain to the manipulation of the income statement, there are also many techniques available to manipulate the balance sheet, as well as the statement of cash flows.

The most common way that financial statement fraud is carried out is through revenue overstatement. The easiest way to improve the apparent financial condition of a company is by fraudulently inflating revenue. Companies can do this by:

- Booking fictitious sales
- Holding the books open at the end of a period
- Recognizing legitimate sales early
- Shipping items not ordered by customers and booking the sales
- Booking revenue before it has been earned on projects in progress
- Recording sales for items produced but not yet shipped, or only partially shipped
- Booking sales but delaying shipment to customers
- Not properly recording allowances for returned goods
- Shifting Current Revenue to a Later Period

Bottom Line: Detecting Financial Statement Manipulation

The manipulation of financial statements through revenue overstatement is a fraud concern at every single company. Revenue overstatement is detected by examining revenue patterns and looking for irregularities. Unusual changes in cost of goods sold might signal a problem, as companies that book fictitious revenue do not always book corresponding expenses. Revenue overstatement may also be suspected when a company has consistent cash flow problems, even in light of apparently increasing sales and profits.

The following procedures can be used to investigate:

- Examine end of accounting period adjusting entries that increase revenue.
- Look for accounting entries that were booked after the close of the accounting period.
- Examine documentation to determine whether sales toward the end of an accounting period were legitimate. This is often referred to as cut-off testing by auditors.
- Compare purchase orders to invoices to see whether a customer issued a purchase order after a sale was booked.
- Analyze write-offs and returns in later accounting periods to see whether earlier sales may have been improperly recorded.
- Look for altered documentation that may indicate backdating of sales documents.
- Check post-closing shipping documentation to determine when goods were actually delivered to customers.
- Compare commissions paid to sales booked. Management is not eager to pay commission on fictitious revenue.
- Examine payments of invoices to determine whether payment lags on sales booked toward the end of an accounting period. Delayed payment may suggest the sale was not really made until later.
- Independently confirm accounts receivable balances with customers.

There are a host of factors that may affect the quality and accuracy of the data at an investor's disposal. As a result, investors must have a working knowledge of financial statement analysis, including a strong command of the use of internal liquidity solvency analysis ratios, external liquidity marketability analysis ratios, growth and corporate profitability ratios, financial risk ratios and business risk ratios. Investors should also have a strong understanding of how to use market multiple analysis, including the use of price/earnings ratios, price/book value ratios, price/sales ratios and price/cash flow ratios in order to gauge the reasonableness of the financial data.

Quotes of the Quarter

Prophet Mohammad (PBUH) said:

- "If a person made a recommendation for anyone in a just manner and gratified party gave him something as a gift (in return for it) and he accepted it, then he committed a grave error (meaning that it, too, is a form of bribery)."
- Corruption, embezzlement, fraud, these are all characteristics which exist everywhere. It is regrettably the way human nature functions, whether we like it or not. What successful economies do is keep it to a minimum. No one has ever eliminated any of that stuff.

  Alan Greenspan
- There is a simple rule here, a rule of legislation, a rule of business, a rule of life: beyond a certain point, complexity is fraud. You can apply that rule to left-wing social programs, but you can also apply that rule to credit derivatives, hedge funds, and all the rest of it.

  P. J. O'Rourke
- I got to get the right people in the right job. Because a lot of costs can be taken out in the context of your administration without the legislature. For example, using technology to do more with less. Using technology to fight fraud. Reorganizing and streamlining can be done within the context of the administration.

  Meg Whitman
- Many of my fellow atheists consider all talk of 'spirituality' or 'mysticism' to be synonymous with mental illness, conscious fraud, or self-deception. I have argued elsewhere that this is a problem - because millions of people have had experiences for which 'spiritual' and 'mystical' seem the only terms available.

  Sam Harris
- In our daily life, we encounter people who are angry, deceitful, intent only on satisfying their own needs. There is so much anger, distrust, greed, and pettiness that we are losing our capacity to work well together.

  Margaret J. Wheatley
- This circulating medium has a natural tendency to lessen by degrees the value and the use of money, and finally to render it powerless; and consequently to sweep away all the crushing masses of fraud, iniquity, cruelty, corruption and imposition that are built upon it.

  Josiah Warren
- When it comes to charities, there's a lot of fraud.

  Marc Faber

  Once I really got into securities fraud prosecutions, I came to realize how central they were to the maintenance of a free market and how, in many ways, they are far more important to the welfare of our society than many of the more sensational criminal cases that one hears about.

  Jed S. Rakoff
- The best way to perpetuate poverty is by spending on arms and military, and the best way to fight terrorism is by fighting the basic needs of humanity, because hunger and poverty perpetuate crime.

  Oscar Arias

Fraud Prevention and Detection - Roles and Responsibilities

By: Shahzad Ahmed Chandio, APFA

Fraud and Fraud detection

Fraud in the context of corporate world has very specific meaning; it is defined by the International Standards on Auditing as follows "An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage". Person engaged in such an activity might have various motivations which range from economic hardships to financial gain and gambling habits at staff level and it may range from increasing stock prices to receiving large bonuses at executive level. It would obviously not be possible to engage in fraudulent activities without having an opportunity to do so and rationalization to justify the act. Red flags are the indicators of the fraud and those responsible for detecting the fraud are supposed to be having understanding of possible red flags.

Certain common red flags are given below:

i. Lack of segregation of duties

ii. Lack of staff rotation

iii. High staff turnover at supervisor level

iv. Lack of clarity among staff about their duties and responsibilities

v. Use of commission / sole agents for purchases

vi. Excessive profits when industry performs bad

vii. Inconsistency in the application of controls

viii. Repeated management override in purchase activities

ix. Unjustifiable difference in directly linked revenues and costs

Detection and prevention of fraud is one of the most evolving topics in the world of finance and audit. With the current pace of rapid changing regulatory, economic and technology environment the ways of engaging in fraudulent activities have become more complex which require equally abreast ways of detecting and preventing fraud. Identifying the red flags is the first step in process, which leads to the detection by engaging in investigative activities and prevention by establishing more effective controls.

Roles and Responsibilities

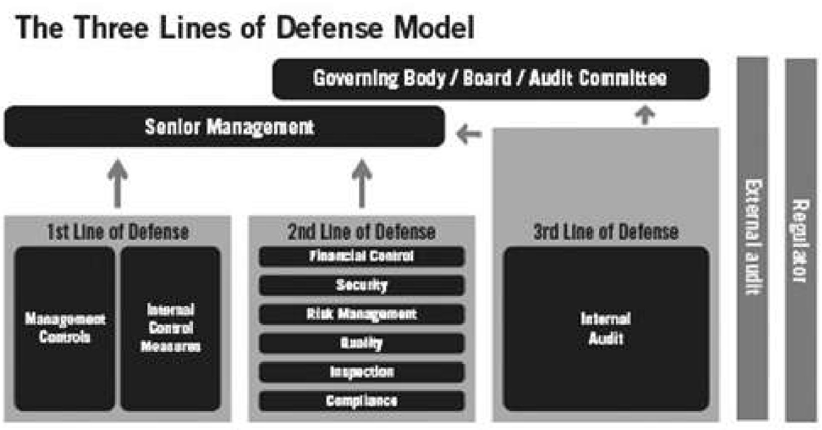
Regulations, laws and professional standards of financial and audit practice delegate the professionals with varying degrees of responsibilities for detection and prevention of fraud. This is how most commonly accepted principle of line of defense is used:

Board of Directors

Those charged with governance have to act in the interest of the shareholders, while observing the laws, ethics and policies. The board of directors and management has the primary responsibility for prevention and detection of the fraud. Therefore board performs an oversight role;hence the organization's vision, mission and policies mostly reflect the attitude in the board rooms. Directors provide the management with the opportunity and environment in which the entire control environment is designed and implemented. As a result one of the important factors in preventing frauds is having a strong ethical culture and setting the correct tone at the top.

Management

It is the primary responsibility of the company's management to establish and maintain an effective and efficient system of internal controls. Evaluation of the fraud risks is one of the major



Adapted from ECIIA/FERMA *Guidance on the 8th EU Company Law Directive, article 41*

components of Enterprise Risk Management. Generally management could follow the five steps as essential elements of its fraud prevention system:

i. Having a strong and clear control environment, this would mostly be the policies and ethical frameworks

ii. Conducting fraud risk assessment exercise as a part of Enterprise Risk Management, this depends upon the complexity of operations and nature of industry.

iii. Having updated policies and procedure to guide the authority and responsibility of management at various levels in the operations of the business.

iv. Using the information and communication system of the organization to create awareness of the regulations, guidelines and policies and ensuring that employees understand and comply with those regulations, guidelines and policies. This could extend to include a whistle blowing policy which may facilitate a fraud hotline; again it depends upon the extent to which the fraudulent activities could be expected.

v. Continuous monitoring of the enterprise risk management and control activities, specially addressing fraud risk.

Internal Audit

The general perception which still exists is that the Internal Auditors are there to detect and prevent all the frauds. However, Internal Auditors might not be able to detect all frauds, hence are not responsible for giving the absolute assurance about either errors or fraud. Institute of Internal Auditor's relevant implementations standard 2120.A2 reads as "The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk". Therefore, the primary responsibility of an internal auditor with respect to fraud is evaluating the possible fraud indicators with professional skepticism and deciding about any further action required in the situation.

External Audit

The external auditors are responsible to assess and evaluate risk of material misstatements either due to fraud or errors and provide reasonable assurance that the financial statements of the organization are reflecting true and fair view of its financial position and affairs. The role of external auditors have become wide after introduction of changes in standards and other regulations as a result of major fraud scandals worldwide. The relevant International Standard on Auditing 240 reads as "An auditor conducting an audit in accordance with ISAs is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs"

An Abundance of Resources to Fight Financial Reporting Fraud

by Cindy Fornelli,
Executive Director, Center for Audit Quality

This article originally appeared on the IFAC Global Knowledge Gateway: www.ifac.org/Gateway. Visit the Gateway to find additional content on a variety of topics related to the accountancy profession.

Financial reporting fraud is relatively rare, but it remains a serious challenge. Research from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (has indicated that the median cumulative monetary loss resulting from instances of this type of fraud is around $12 million.

The bad news: Financial reporting fraud, like most crimes, will always be a threat. The good news is that accountants and auditors, financial executives, boards of directors, and other key stakeholders across the financial reporting supply chain now have more resources and knowledge than ever to aid them in deterring and detecting fraud. What's more, we know that careful and comprehensive application of resources makes a huge difference to detecting fraud at companies of all sizes.

What Works in Fighting Fraud

Thanks to a wide array of research efforts in recent years, we have a very good grasp of both the factors that lead to financial reporting fraud and the steps necessary to address those factors. One of the most important of these steps is for business leaders to build corporate cultures that systematically value acting ethically and doing the right thing. Such strong, ethical corporate cultures begin with executives setting the right "tone at the top," which in turn filters down to create a strong "mood in the middle" and "buzz at the bottom."

These efforts aren't just desirable in principle, they get results. A new report from the Ethics Research Center (ERC),[2] for example, finds that the "strength of a company's ethics culture and the effectiveness of its internal ethics and compliance (E&C) program are closely tied to workplace behavior." Indeed, according to ERC research, an alarming 62 percent of workers at large companies without effective E&C programs report observing misconduct. But at companies with effective E&C programs, that rate plunges to 33 percent. (Full disclosure: My organization, the Center for Audit Quality, sponsored the ERC report; ERC's research was independent.)

So what are the elements of a comprehensive E&C program? The ERC lists seven:

1. Written standards of ethical workplace conduct
2. Training on the standards
3. Company resources that provide advice about ethics issues
4. A means to report potential violations confidentially or anonymously
5. Performance evaluations of ethical conduct
6. Systems to discipline violators
7. A stated set of guiding values or principles

"Well-implemented ethics and compliance programs make a difference, often a big difference," says the ERC report.

Practical Resources for Implementation

Of course, building out the elements cited above requires substantial commitment, effort, and know-how. Happily, there are an abundance of resources offering practical suggestions.

As the ERC report itself shows, resources can come in the form of reports and white papers. One organization producing such reports is the Anti-Fraud Collaboration, a group that unites the Center for Audit Quality, Financial Executives International, The Institute of Internal Auditors, and the National Association of Corporate Directors.

In November 2014, the Anti-Fraud Collaboration released a publication-The Fraud-Resistant Organization: Tools, Traits, and Techniques to Detect and Deter Financial Reporting Fraud-offering a range of recommendations that are scalable to different stakeholders and organizations of different sizes. Drawing on a wide body of research and recent roundtable discussions, The Fraud Resistant Organization takes an action-oriented, global view.

Here are a few more noteworthy reports:

- ACFE's Report to the Nations On Occupational Fraud and Abuse
- EY's Global Fraud Survey
- Kroll's Fraud Report
- KPMG's Who Is the Typical Fraudster?

Another effort from the Anti-Fraud Collaboration is its series of case studies. These are a set of hypothetical fraud scenarios, which are based on the Harvard Business School case method. Participants in case study teachings start with a set of facts about a fictional company dealing with a fraud. Guided by an instructor, they then discuss what could have been done to address the situation.

Last, but certainly not least, webcasts and other video material can be highly valuable resources. For its part, the Anti-Fraud Collaboration recently has produced a series of webcasts (all available for free on YouTube) in which experts from across financial reporting offer diverse perspectives and actionable tips.

- How Corporate Culture Can Breed Fraud (December 2013)
- Ethical Corporate Cultures (April 2014)
- Effective Whistleblower Programs (July 2014)
- Building a Fraud-Resistant Organization (January 2015)

Spread the Word

In the fight against financial fraud, an area in which financial regulators are reportedly increasingtheir focus, it is critical that all stakeholders gather and absorb insights from resources like these. Equally important is for all of us to convey that knowledge and perspective to others. So read a report, peruse a case study, or watch a video-then share that resource with colleagues or your connections on LinkedIn and other social networks. Let's spread the word far and wide: financial fraud is a tough challenge, but we have many resources to help us address it.

A former Deputy Director of Investment Management at the SEC and Senior Vice-President at Bank of America, Cindy Fornelli has served as the Executive Director of the Center for Audit Quality since its establishment in 2007.

[1] Committee of Sponsoring Organizations of the Treadway Commission, Fraudulent Financial Reporting: 1998-2007-An Analysis of U.S. Public Companies (2010)

[2] Ethics Research Center, The State of Ethics in Large Companies (2015)

Five Steps to Countering Fraud in Academies

By Rachael Tiffen, Head of Counter Fraud, CIPFA

Over the past few years, I have listened to colleagues in the counter fraud field talk about fraud in schools and academies. As a former Head of Audit, I am aware of the common risks for educational establishments and the limited resources they have to tackle fraud once it is in the system.

Many establishments do not have enough staff (or skills) to launch investigations or offer the full range of segregation of duties. However, putting in place some baseline prevention techniques could prevent a fraud and deter those that may take advantage of opportunities.

Fraud risks are similar across the public sector with a few exceptions. Academies are just as vulnerable to fraud and bribery and corruption as other parts of the public sector. Fighting Fraud Locally (FFL) is the national local government strategy and is overseen by a board of independent experts from the local government field. FFL produces free guidance and tools for those connected with local government. The strategy is hosted and led by CIPFA.

CIPFA has published detailed guidance in partnership with Mazars to help schools and academies prevent fraud and spot the warning signs early.

There is plenty of guidance available, and our resilience tool can help you assess your controls. We would be happy to hear your experiences and case studies. However my top tips to lookout for are as follows:

1. Know who you are employing

Employing someone who does not have the qualification can lead to both reputational and financial damage. Look out for original documents, proper references on headed paper and check what you are given.

- Check qualifications and references, check employment history.

2. Ensure you have the right governance in place to prevent fraud

Make sure you have written processes in place, staff are trained and understand responsibilities. Put in place checks where finance and payments are involved.

- Spot checks and segregation on duties on pay awards, payroll, claims, and expenses

3. Sensible procurement

Letting contracts, ordering supplies and payments opens the door to opportunities for fraud and corruption if proper procedures are not in place.

- check you have governance in place
- make sure you have declarations of interest, hospitality books and that these are checked
- are contracts split and who is awarding them and what processes are they using?
- check leasing agreements are necessary and genuine
- watch out for photocopier leasing details, this is a common problem.

4. Financial management

Put in place governance over financial agreements, cheque books, income from leasing halls or rooms and what funds are spent on.

- make sure there are checks on payments
- ensure revenue streams are monitored
- watch out for false invoices.

5. Mandate fraud

Make sure if a supplier asks for his bank details to be changed that this is correct and the genuine supplier.

Finally, make sure you have a procedure for staff and governors to report concerns through and that there is an independent route. Publicise the reporting route - and make sure you give staff and governors some basic fraud awareness training.

IFAC News/ Technical Update

About IFAC®

IFAC is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of over 175 members and associates in 130 countries and jurisdictions, representing approximately 2.8 million accountants in public practice, education, government service, industry, and commerce.

IAASB Proposes Changes for Reporting on Summary Financial Statements

The International Auditing and Assurance Standards Board® (IAASB®) released an Exposure Draft proposing changes to International Standard on AuditingTM (ISATM) 810, Engagements to Report on Summary Financial Statements. ISA 810 deals with the auditor's responsibilities relating to an engagement to report on summary financial statements derived from financial statements audited in accordance with ISAs by that same auditor. The IAASB is proposing limited conforming amendments to ISA 810 as a result of the issuance of its new and revised Auditor Reporting standards, which address auditor reporting on general purpose financial statements.

"In light of its overall efforts to enhance auditor reporting, the IAASB believes it is also in the public interest to provide users of summary financial statements with greater transparency in circumstances when additional information, such as key audit matters, are communicated in the related auditor's report on the audited financial statements," explained Prof. Arnold Schilder, IAASB Chairman. "The proposed changes to ISA 810 represent a balanced approach considering the objective of an engagement to report on summary financial statements and the report that is required to be issued."

"The board's approach also recognizes that the manner in which summary financial statements are prepared and presented may vary on a national basis depending on the criteria used, and therefore national auditing standard setters may further tailor ISA 810 in their jurisdictions," noted Kathleen Healy, IAASB Technical Director. "The board is therefore particularly interested in hearing from stakeholders in those jurisdictions where ISA 810 reports are frequently issued to understand whether its proposed changes will be capable of being implemented and would be expected to benefit users of these reports." The IAASB has issued its proposals with a 90-day comment period in order to finalize them on a timely basis and align the effective date of ISA 810 (Revised) with the effective date of the new and Revised Auditor Reporting Standards (i.e., for audits of financial statements for periods ending on or after December 15, 2016).

How to Comment

The IAASB invites all stakeholders to respond to this Exposure Draft, which includes specific questions for respondents on key aspects of the proposals and highlights areas of focus for various stakeholders in responding to the Exposure Draft. To access the Exposure Draft and submit a comment, visit the IAASB's website at www.iaasb.org. Comments on the Exposure Draft are requested by November 2, 2015.

IPSASB Publishes Exposure Draft 56, The Applicability of IPSASs

The International Public Sector Accounting Standards Board® (IPSASB®) released for comment Exposure Draft (ED) 56, The Applicability of IPSASs.

ED 56 proposes to:

Revise the Preface to International Public Sector Accounting Standards to provide the characteristics of public sector entities for which IPSASs are intended;

Delete the definition of Government Business Enterprises (GBEs) in IPSAS 1, Presentation of Financial Statements; and

Amend the scope section of each International Public Sector Accounting Standard™ (IPSAS™) and Recommended Practice Guideline (RPG) by removing the paragraph that states that these pronouncements do not apply to GBEs.

ED 56's proposed changes address constituents' concerns about the application of IPSASs to public sector entities. Currently, each IPSAS includes a statement that it does not apply to GBEs, which are expected to be commercially-oriented public sector entities. The term "Government Business Enterprise" is defined in IPSAS 1, Presentation of Financial Statements.

The IPSASB received feedback that a wide range of entities are described as GBEs, but some of these entities clearly do not meet the IPSASB definition of a GBE. In other cases, there are different interpretations of the GBE definition.

"The proposals in this Exposure Draft provide a more transparent way to communicate the types of public sector entities that the IPSASB considers when developing IPSASs and RPGs," said IPSASB Chair Andreas Bergmann. "They use a high-level, principles-based approach that draws on The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities."

"These proposals acknowledge the role of regulators in determining the accounting standards to be applied by different entities in their jurisdictions, and address constituents' concerns about differing interpretations of the GBE definition," Prof. Bergmann added. "We look forward to hearing whether constituents support the changes to IPSASs and RPGs proposed in this Exposure Draft or present alternative views."

Publication of ED 56 follows the IPSASB's consideration of responses to a Consultation Paper (CP), The Applicability of IPSASs to Government Business Enterprises and Other Public Sector Entities. The CP proposed two main approaches to communicate the IPSASB's view of the entities for which it develops IPSASs. The first approach involved describing the characteristics of public sector entities for which IPSASs are intended. The second approach would have retained the definition of a GBE in modified form, potentially narrowing it to profit-seeking public sector entities.

A large majority of respondents to the CP supported the first approach of providing the characteristics of public sector entities for which IPSASs are intended using IPSASB's current literature, rather than retaining and improving the definition of a GBE. The proposals in ED 56 give effect to that approach.

How to Comment

To access the ED and the At-a-Glance summary of the ED, or to submit a comment, please visit the IPSASB website at www.ipsasb.org. Comments on the Exposure Draft are requested by November 30, 2015. The IPSASB encourages IFAC® members, associates, and regional accountancy bodies to promote the availability of this Exposure Draft to their members and employees.

Announcement

PIPFA is pleased to announce that PIPFA has achieved yet another milestone by forming "Corporate Relations Department (CRD)". Following would be key functions of Corporate Relations Department (CRD).

- It will sign MOU's of Corporate Partnership with different firms and companies.
- It will provide assistance to PIPFA members/students with respect to career development.
- It will create internship, traineeship, and jobs for its members as well as students.
- It will build Brand image of PIPFA

In the initial phase, institute has sent "Corporate Partnership" letters to more than hundred firms for registration, and it has received an excellent response from firms for registrations in time period of few days.

Interested PIPFA Finalists & Members are requested to submit their CV's at crd@pipfa.org.pk for updating CV data bank and placements.

Post Budget Seminar 2015-16

The PIPFA Faisalabad Branch Committee along with CPD committee of ICMAP Faisalabad organized Post Budget Seminar 2015-16 at Roylton Hotel Faisalabad.

Mirza Munawer Hussain FPFA,FCMA past president PIPFA and Mr. Ramzan FCMA was the speaker and Vice President ICMA Pakistan Mr. Muhammad Iqbal Ghori was the Chief Guest of this informative session.

The session started with recitation from the Holy Quran.

The learned speakers delivered the presentation on Budget 2015-16 (Direct & Indirect Taxes) which covered various tax Special Procedure Rules regarding Sales Tax Withholding and extra tax. The presentation was followed by a very interactive questions and answers session which showed keen interest of the participants.

Mr. Muhammad Iqbal Ghori, Vice President ICMA Pakistan, appreciated the presentation of the learned speakers and congratulated the PIPFA Faisalabad Branch Committee and ICMAP Faisalabad Branch Council for organizing such a wonderful session. He also thanked the members and students who participated in the seminar.

Mr. Suleman Zahid Jamil Fellow member of PIPFA and ICAP presented vote of thanks to guests and participants of the Seminars and the organizing team of PIPFA Faisalabad and ICMAP Faisalabad.

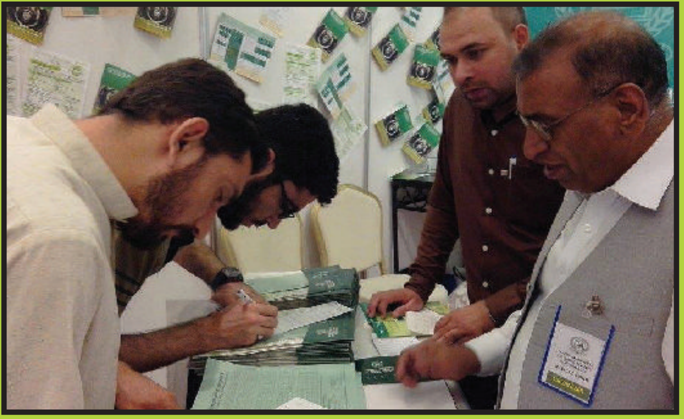
By the Grace of Allah Almighty, the seminar was a great success as evident from the high number of participants that crossed 150. The seminar was concluded by distribution of shields to the distinguished speakers and guests, and followed by dinner.

The News Education Expo

PIPFA participated in The News Education Expo at Karachi, Lahore & Islamabad in which Professional Institutions, Universities, Colleges both Inland and Foreign Educational Bodies and other services providing agencies were included.

Minister for Information and Broadcasting Senator Pervaiz Rashid inaugurated the event at Islamabad, it was inaugurated by the Provincial Education Minister, Rana Mashood Khan at Lahore and Mr. Nisar Khoro inaugurated the education expo at Karachi.

A large number of prospective Students showed keen interest in PIPFA Qualification. They were provided with all information about the Educational Program, its benefits and scope of Job Opportunities, available in Pakistan and abroad with designation and stature.



Employees' Annual Performance Appraisal High Achievers Award

Keeping in the view the importance of employee recognition and reward as a tool to motivate employee as well as to inculcate a positive, productive and innovative organizational culture, PIPFA has introduced an on-going program for Employee Recognition and Reward. This program is aimed at fostering a culture of acknowledgement and appreciation amongst employees for introducing innovative business practices, showing extra ordinary efforts for achievement of goals and enhancing institute's corporate image.

We're pleased to announce this year's PIPFA's High Achievers Awards. PIPFA recognize the exceptional achievements of Staff by presenting them with High Achievers Award. A strategic, professional approach to staff development helps the institute to attract and retain high caliber staff with the skills and competencies necessary to deliver its objectives.

Four employees have been recognized for their outstanding work in 2015 beating stiff competition from across the country to be crowned PIPFA's High Achievers. Mrs. Rozina Muzammil, Executive Director, Ms. Rana Nazir Fatima, Director Examinations, Mr. Zubair Muhammad, Assistant Director-Members Affairs and Mr. Jamshaid Riaz, Deputy Director, Examinations received the Awards.

The High Achievers Award was given to encourage staff to develop their careers, and improve their skills. The High Achievers Awards help us encourage aspirations and reward those who perform at the highest level. This award is testament not only to the outstanding efforts of the staff members receiving them, but also to their superiors and everyone else who helped them to achieve such exceptional results. We would therefore like to congratulate High Achievers.

Mrs. Rozina Muzammil
Executive Director

Ms. Rana Nazir Fatima
Director Examinations

Mr. Jamshaid Riaz
Deputy Director, Examinations

Mr. Zubair Muhammad
Assistant Director- Members Affairs

PMAD Employees Training Agreement Signing Ceremony

PIPFA made an Agreement with Pakistan Military Accounts Department (PMAD) to train its employees, for another two years. The Agreement was signed by Mr. Farhad Khan, Military Accountant General, on the part of PMAD and Mr. Waqar Ali Khan, Member BOG, PIPFA, at Rawalpindi. It shows a great trust that PMAD has on PIPFA's Educational Standards, recognized all over the World.

MOU Signing Ceremony between PIPFA & CIMA (U.K.)

In continuation of Institute's effort for national and international collaborations, you will be pleased to know that one more feather has been added to PIPFA's cap. This time, it is CIMA. PIPFA has signed an MOU with Chartered Institute of Management Accountants (CIMA) U.K. A venerated ceremony was held on August 17, 2015 at Pakistan Audit & Accounts Academy, Lahore for signing of MOU. President PIPFA & Regional Director CIMA inked the MOU. Mrs. Rozina Muzammil, Executive Director PIPFA & Ms. Javaria Hassan, Head of Pakistan, CIMA signed MOU as witnesses. Mr. Shahzad Raza Syed (Secretary PIPFA & Director General, Pakistan Audit & Accounts Academy), Mr. Sajid Hussain, Member BOG and delegations from CIMA and Pakistan Audit & Accounts Academy, Lahore were few of other dignitaries of the event.

Welcome New Members

Associates

S.#	Name	Member#	S.#	Name	Member#
1	Mr. Muhammad Immad Ur Rehman Khan	APFA-6770	43	Mr. Moizuddin	APFA-6812
2	Mr. Mohsin Ansari	APFA-6771	44	Mr. Ali Zeeshan	APFA-6813
3	Mr. Shahzeb Zafar	APFA-6772	45	Mr. Muhammad Usman	APFA-6814
4	Mr. Haider Raza	APFA-6773	46	Mr. Zain Ul Abideen	APFA-6815
5	Mr. Noman Tufail	APFA-6774	47	Mr. Muhammad Salman Butt	APFA-6816
6	Ms. Kiran Safia	APFA-6775	48	Mr. Mustafa Ahmed Siddiqui	APFA-6817
7	Ms. Asma Hamid	APFA-6776	49	Mr. Muhammad Bilal Khan	APFA-6818
8	Mr. Tayyab Mehmood	APFA-6777	50	Syed Mesum Ali Zaidi	APFA-6819
9	Mr. Fahim Ayaz	APFA-6778	51	Ms. Sara Jamil	APFA-6820
10	Mr. Mamoon Zahoor	APFA-6779	52	Mr. Ali Tariq	APFA-6821
11	Mr. Muhammad Sohail	APFA-6780	53	Mr. Abdur Rehman	APFA-6822
12	Mr. Sanjai Kumar	APFA-6781	54	Mr. Hammad Qadir	APFA-6823
13	Mr. Shaffan Zahid	APFA-6782	55	Mr. Yasir Yamin	APFA-6824
14	Mr. Ammar Ahmed	APFA-6783	56	Mr. Muhammad Rabi Rashid	APFA-6825
15	Mr. Saad Faizan	APFA-6784	57	Mr. Muhammad Jamshed Alam Malik	APFA-6826
16	Mr. Asad Ayub	APFA-6785	58	Mr. ijaz Shabbir	APFA-6827
17	Mr. Asad Ali	APFA-6786	59	Syed Moin Ahmed Zaidi	APFA-6828
18	Mr. Fawad Zafar	APFA-6787	60	Mr. Arslan Karamat	APFA-6829
19	Mr. Muhammad Faheem	APFA-6788	61	Mr. Mushtaq Nadeem	APFA-6830
20	Syed Qulb-e-Hassan	APFA-6789	62	Mr. Muhammad Abdullah Khan	APFA-6831
21	Mr. Imran Umer Chapra	APFA-6790	63	Mr. Saad Manzoor Bhatti	APFA-6832
22	Syed Mukhdum Hussain Shah	APFA-6791	64	Mr. Saad Masood Khan	APFA-6833
23	Mr. Saif Ullah Warich	APFA-6792	65	Mr. Kashif Abbas	APFA-6834
24	Mr. Usman Rehman	APFA-6793	66	Mr. Ali Muqadas	APFA-6835
25	Mr. Zia Uddin	APFA-6794	67	Mr. Waqar Ahmed	APFA-6838
26	Mr. Zeshan Shahid	APFA-6795	68	Mr. Waqas Ahmad	APFA-6839
27	Mr. Wasimur Rahman	APFA-6796	69	Ms. Safa Masood	APFA-6840
28	Mr. Khuram Shazad	APFA-6797	70	Mr. Muhammad Asim Zahid	APFA-6841
29	Ms. Maria Ashraf	APFA-6798	71	Mr. Muhammad Asim Zahid	APFA-6841
30	Mr. Hanaish Kumar	APFA-6799	72	Mr. Muhammad Ilyas	APFA-6842
31	Mr. Burhan Arif	APFA-6800	73	Mr. Haider Askary	APFA-6843
32	Mr. Muhammad Farooq	APFA-6801	74	Mr. Muhammad Faheem Anwar	APFA-6844
33	Mr. Shakir Saeed	APFA-6802	75	Mr. Muhammad Faheem Anwar	APFA-6844
34	Ms. Iffat Zulfiqar	APFA-6803	76	Mr. Anwar Ul Hassan Bhatti	APFA-6845
35	Mr. Soban Ahmed	APFA-6804	77	Mr. Awais	APFA-6846
36	Mr. Muhammad Umar Fahim	APFA-6805	78	Mr. Tanveer Ahmad	APFA-6847
37	Mr. Kamran Amin	APFA-6806	79	Mr. Muhammad Saad Masood	APFA-6848
38	Mian Muhammad Haroon Iqbal	APFA-6807	80	Ms. Aneela Manzoor	APFA-6849
39	Mr. Muhammad Awais Khan	APFA-6808	81	Mr. Muhammad Salman	APFA-6850
40	Mr. Ehtisham Suleman Zahid	APFA-6809	82	Mr. Ali Jamal	APFA-6851
41	Mr. Nasir Ali Khan	APFA-6810	83	Mr. Muhammad Amir Shakoor	APFA-6852
42	Mr. Mohammad Arshad Baig	APFA-6811			

Fellows

S.#	Name	Member#	S.#	Name	Member#
1	Mr. Ahmer Mahtab	FPFA-2327	6	Mr. Najaf Anwar	FPFA-4763
2	Syed Kashif Ali	FPFA-3487	7	Mr. Shahid Imran	FPFA-4967
3	Mr. Kashif Jamal	FPFA-4586	8	Hafiz Shafiq Ur Rehman Khan	FPFA-6836
4	Syed Muhammad Abbas Raza Rizvi	FPFA-4615	9	Mr. Zaigham Ullah Khosa	FPFA-6837
5	Mr. Kamran Ali	FPFA-4680			

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