

Apr 11, 2002

**Sajjad Saifuddin Safri, a Practicing Chartered Accountant Based in Karachi, Fined for Negligence in the Performance of his Duties**

The Securities and Exchange Commission of Pakistan (SEC) has imposed a fine of Rs. 4,000/- on Mr. Sajjad Saifuddin Safri, a practicing chartered accountant, member of the Institute of Chartered Accountants of Pakistan (ICAP), conducting his business from Karachi under the name Sajjad Safri & Co. Mr Safri was reprimanded in the past by ICAP, as he was found guilty of professional misconduct in the audit of the same listed company for the year ended December 31, 1998.

Mr. Safri conducted the audit of a listed company for the year ended December 31, 2000. An examination of the accounts of the company by SEC revealed that the audit report signed by Mr. Safri was not on the prescribed Form 35-A which had earlier been notified by SEC. It was further observed that Mr. Safri did not point out to the members that the company has not complied with several requirements of the International Accounting Standards (IAS) in regard to the preparation of financial statements. Thus, Mr. Safri violated mandatory provisions of the Companies Ordinance, 1984.

In view of the above, the Enforcement Division of SEC has imposed a fine of Rs. 2000/- each under Section 260 of Companies Ordinance, 1984 and Rule 35 of the Companies (General Provision and Forms) Rules, 1985. Mr. Safri has also been issued a warning to perform his duties with a reasonable degree of care and skill in future.

It may be recalled that in order to improve quality of disclosure by listed companies, the Securities Commission recently issued directives regarding periodic rotation of auditors of listed companies, debarring of auditors from performing audits of listed companies for three (3) years, if found guilty of professional misconduct, and disallowing auditors of a company to get other assignments from the same company.