

Sonargaon University

Internship Report
on
Accounting and Internal Auditing system of Shameem Khaled Salahuddin & Co. Chartered Accountants

Submitted by:
Md Raisul Habib Pappu
ID: BBA2101022066
Program: Bachelor of Business Administration (BBA)
Major: Accounting
Department of Business Administration

Submitted to:
Department of Business Administration
Faculty of Business
Sonargaon University (SU)

Submitted for the partial fulfilment of the degree of
Bachelor of Business Administration

Date of Submission: 07-01-2025

Sonargaon University

Internship Report
on
Accounting and Internal Auditing system of Shameem Khaled Salahuddin & Co. Chartered Accountants

Submitted by:
Md Raisul Habib Pappu
ID: BBA2101022066
Program: Bachelor of Business Administration (BBA)
Major: Accounting
Department of Business Administration

Supervised by:
Mst. Marium Akter
Lecturer
Department of Business Administration
Faculty of Business
Sonargaon University (SU)

Submitted for the partial fulfilment of the degree of
Bachelor of Business Administration

Date of Submission: 07-01-2025

Letter of Transmittal

January 07, 2025

To
Mst. Marium Akter
Lecturer
Department of Business
AdministrationFaculty of Business
Sonargaon University (SU)

Subject: Submission of Thesis Report on "Accounting and Internal Auditing systemof Shameem Khaled Salahuddin & Co. Chartered Accountants".

Dear Madam,
With most respectfully to state that I am pleased to submit my Internship Report titled **"Accounting and Internal Auditing system of Shameem Khaled Salahuddin & Co. Chartered Accountants"**. This report is an essential part of my BBA degree requirements, and I had the privilege of completing my Internship at Shameem Khaled Salahuddin & Co. Chartered Accountants under your guidance.

This report reflects the current Accounting and Internal Auditing practices essential for organizations in our country. I have made an effort to include relevant details while keepingthe report concise.

I would greatly appreciate your time and effort in reviewing this report. Your valuable feedback will be highly appreciated. Thank you for your kind consideration.

Yours Sincerely,

Md Raisul Habib Pappu
ID: BBA2101022066
Program: BBA (Major: Accounting)
Department of Business Administration
Sonargaon University (SU)

Letter of Authorization

I hereby confirm that the Internship report titled **"Accounting and Internal Auditing systemof Shameem Khaled Salahuddin & Co. Chartered Accountants"** is a genuine effort by Md Raisul Habib Pappu.The research was conducted under my guidance. I also affirm that, to the best of my knowledge, the content presented in this report has not been included in any other project report or dissertation that led to the award of a degree to any candidate earlier, whether inthe same context or a different one.

Mst. Marium Akter
Lecturer
Department of Business
AdministrationFaculty of Business
Sonargaon University (SU)

Declaration of Student

I, the undersigned, a student of Business Administration Department of BBA program, Major in Accounting of Sonargaon University do hereby declare that the internship report on **"Accounting and Internal Auditing systemof Shameem Khaled Salahuddin & Co. Chartered Accountants"** is the original one and has been prepared by myself and has not been submitted anywhere for any degree, diploma, title, or recognition.

The report was prepared under the supervision of **Mst. Marium Akter**, Lecturer, Department of Business Administration of Sonargaon University

Yours Sincerely

Md Raisul Habib Pappu
ID: BBA2101022066
Program: BBA (Major: Accounting)
Department of Business Administration
Sonargaon University (SU)

Acknowledgment

I would like to extend my gratitude for the invaluable assistance and sincere cooperation provided by various individuals in the preparation of this report. It's impossible to adequately thank all the wonderful people who directly or indirectly contributed to the successful completion of this report. I am deeply appreciative of their kind collaboration and support.

First and foremost, I would like to express my thanks to the divine power. Additionally, myforemost appreciation goes to my supervisor, **Mst. Marium Akter**, Lecturer at SonargaonUniversity (SU), for her crucial guidance, scholarly insights, and unwavering support throughout my study period.

Moving forward, I am grateful to Salahuddin Khaled Shameem, FCA, Managing Panter at Shameem Khaled Salahuddin & Co. Chartered Accountants, from whom I gained significant knowledge. I also extendspecial thanks to Administrative Officer Md Abu Hanif and Rajib Biswas, along with heartfelt gratitude toall the other individuals at Shameem Khaled Salahuddin & Co. Chartered Accountants main branch. I am thankful to the various staff members from different departments who generously contributed their valuable time and assistance in helping me gather data for this report.

Executive Summary

The internship report, **"Accounting and Internal Auditing systemof Shameem Khaled Salahuddin & Co. Chartered Accountants"** explores into the world of auditing. During my internship, I focused on learning how chartered accountants conduct audits and the techniques they use to ensure that financial information is accurate and follows the rules. In the report, we explore various aspects of auditing, such as how audits are planned, the assessment of risks, testing procedures, and the reporting of findings. This systematic approach to auditing helps maintain trust and reliability in financial reporting. Additionally, we look closely at assurance practices. Assurance means making sure that financial information is correct and complete, which gives confidence to the people who rely on that information. We observed various techniques, like substantive testing and analytical review, being used to achieve this. The report also covers the process of forming an audit team. It explains how teams are put together, with different members taking on specific roles and responsibilities. Teamwork and coordination are essential for conducting effective audits. Throughout my internship, I had the opportunity to learn from experienced chartered accountants. They shared their expertise in audit techniques and compliance standards, which are crucial for maintaining the accuracy and reliability of financial statements.

In conclusion, this report is a valuable resource for those interested in auditing. It provides real-world insights into how a reputable audit firm, Shameem Khaled Salahuddin & Co., conducts audits and ensures the integrity of financial information.

Acronyms and Elaboration	
Acronyms	**Elaboration**
ICAB	Institute of Chartered Accountants of Bangladesh
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
GAAP	Generally Accepted Accounting Principles
ISA	International Standards on Auditing
CA	Chartered Accountants
Co.	Company
P & L	Profit and Loss
BL	Balance Sheet
PPE	Property, Plant, and Equipment
GL	General Ledger
COGS	Cost of Goods Sold
LC	Letter of Credit
DV	Debit Voucher
CV	Credit Voucher

Table of Contents

Serial No.	Particulars	Page No.
	Cover Page	i
	Inner Page	ii
	Letter of Transmittal	iii
	Letter of Authorization	iv
	Declaration of Student	v
	Acknowledgment	vi
	Executive summary	vii
	List of Acronyms	viii
	Table of Contents	ix-xii
Chapter: One	**Introduction**	1-6
1.1	Introduction	2
1.2	Rationale of the Study	2-3
1.3	Significances of the Study	3-4
1.4	Objectives of the study	4
1.5	Quantitative Research	5
1.6	Limitations of the Study	5-6
Chapter: Two	**Literature Review**	7-8
2.1	Review Literature	8
Chapter: Three	**Organizational Overview**	9-13
3.1	Overview of Shameem Khaled Salahuddin & Co.	10

3.2	Ownership/Legal Entity of the Firm.	10
3.3	Vision	10
3.4	Mission	10-11
3.5	Office Location	11
3.6	Serving Areas of the Firm	11
3.7	Quality Control Policies	12
3.8	Human Resource of the Firm	13
3.9	Processes of Acquiring Clients of the Firm	13
3.10	Client Serving Individuals (Team Composition)	13
Chapter: Four	**Audit & Assurance Techniques and Practices**	14-25
4.1	Auditing Procedures of Shameem Khaled Salahuddin & Co.	15-16
4.2	Auditor's Association with the Prospective Client	17
4.3	Understanding the Client in Depth	17
4.4	Overview of Controls	18
4.5	Implementing the Audit Practice Manual	18-19
4.6	Planning	19-22
4.7	Additional Planning Schedules	23
4.8	Audit Evidence	23-24
4.9	Audit Conclusion	24-25
4.10	Register of Laws and Regulations	25
Chapter: Five	**Practical Experience as an Intern**	26-38
5.1	Overview	27

5.2	Duties and Contributions	27-28
5.3	A Project Lead by Me	28-37
5.4	Challenges and Learning	37-38
Chapter: Six	**Findings**	31-32
6.1	Findings	32
Chapter: Seven	**Recommendations and conclusion**	33-36
7.1	Recommendations	34
7.2	Conclusion	35
	Bibliography	36

CHAPTER: 1
INTRODUCTION

1.1 Introduction

Internships are a fundamental component of the BBA (Bachelor of Business Administration) program, offering students a hands-on experience that goes beyond theoretical knowledge. While academic learning is essential, its true value is realized when applied practically. This is where the significance of internships lies, as they provide a platform to bridge the gap between classroom learning and real-world application. Within the curriculum of BBA at Sonargaon University, an internship program is included, allowing students to immerse themselves in various sectors of work and gain invaluable practical insights.

A recent chapter in my academic journey materialized in the form of an internship at Shameem Kaled Salahuddin & Co. This crucial stage extracted profound insights into the complicated tapestry of auditing systems and their profound ramifications within a nation's economic framework. Auditing, positioned at the intersection of fiscal transparency and accountability, occupies a pivotal role. Beyond the mere verification of financial statements, its significance vibrates in instilling trust and assurance across stakeholders. The dynamic interplay of audit practices serves as a bulwark against the Specters of fraudulent activities and management biases, safeguarding the veracity of financial disclosures.

Elevating its stature beyond the confines of financial analysis, the modern audit firm emerges as an essential in societal progress. By catalyzing economic development, it assumes the covering of policy architect, weaving a fabric that upholds the doctrines of integrity, objectivity, and independence. The symbiotic relationship between a nation's financial ecosystem and audit firms is undeniable, accompanying in a harmonious interaction between economic growth and ethical strength.

1.2 Rationale of the Study

Internship is a necessary part of the BBA program. What is important is that the university has made it a must to do a three-month internship as part of the course. This happens after we finish our studies. During this time, we must work in places like banks, financial institutions, small businesses, or other public or private companies related to what we have learned. To meet this need, I joined Shameem Kaled Salahuddin & Co. as an intern. This gave me a great chance to learn about how auditing really works, like all the steps involved. I got to see how audits happen in different types of organizations, like companies and non-profit groups.

With the hands-on learning and experience I got from Shameem Kaled Salahuddin & Co.; I picked a topic to write about: "Audit Practices and Techniques: A Study of Shameem Khaled Salahuddin & Co." I got help from my supervisor to choose this topic. My internship supervisor, Mst. Marium Akter, who is a Lecturer in the Business Administration Department at Sonargaon University, agreed with my choice and told me to write this report as part of finishing my internship.

1.3 Significances of the Study

The study's significance lies in its contribution to knowledge, practical application, personal growth, and its potential to influence both academic and professional spheres related to auditing and chartered accountant practices.

- **Practical Application**: This study bridges the gap between theoretical learning and practical application. It showcases how the knowledge gained during the BBA program can be directly applied in real-world scenarios, particularly within the realm of auditing.

- **Insight into Audit Procedures**: By delving into the audit procedures at Masih Muhith Haque & Co., the study provides a comprehensive understanding of the inner workings of a chartered accountant firm. This insight is valuable not only for academic purposes but also for anyone interested in pursuing a career in auditing.

- **Enhanced Understanding**: The study sheds light on the specific audit practices, methodologies, and protocols employed by the firm. This depth of understanding can contribute to improved practices within the firm and offer insights to other similar organizations.

- **Contribution to Knowledge**: The report adds to the body of knowledge related to auditing procedures within chartered accountant firms. It can serve as a resource for future students, researchers, and professionals seeking insights into this area.

- **Academic Fulfilment**: As a requirement for internship completion, this study fulfills an essential academic obligation. It showcases the practical skills and knowledge gained during the internship period, highlighting the application of classroom learning in real-world scenarios.

- **Professional Development**: The study demonstrates the intern's commitment to professional

growth and development. It showcases the intern's ability to analyze, document, and present a detailed account of audit procedures, enhancing their profile as a potential asset to future employers.

- **Institutional Value**: The study reflects positively on both Sonargaon University and Masih Muhith Haque & Co. It illustrates the university's commitment to producing graduates with practical skills and experience, while also showcasing the firm's involvement in nurturing future talents.

- **Guidance for Future Studies**: The findings and insights of this study can guide future research endeavors in the field of auditing and related subjects. It can offer a starting point for more in-depth explorations and comparative analyses.

1.4 Objectives of the study

➢ **Main Objective:**

The primary aim of undertaking an internship at Shameem Khaled Salahuddin & Co. Chartered Accountants is to diminish the disparity between theoretical knowledge attained during the completion of the BBA program and its practical application. This internship serves as a pivotal bridge, connecting academic learning to real-world scenarios prevalent in the professional domain of chartered accountancy.

➢ **Specific Objectives:**

The main objective of the study is to have an overall idea about audit and assurance procedures of Shameem Khaled Salahuddin & Co. (SKS) The other objectives are as follows-

- Gain hands-on experience and practical insights into the audit procedures employed by SKS, as well as the methods utilized in audits within various corporate, business, and nonprofit sectors.
- Learn the techniques for collecting and analyzing evidence necessary for the preparation of comprehensive audit reports.
- Develop a profound understanding of audit practices specific to the regulatory environment in Bangladesh.
- Evaluate the efficacy of SKS's audit methodologies and procedures

- Examine Audit Methodologies: Investigate and analyze the specific methodologies employed by SKS during audits. This involves understanding their approach to risk assessment, testing procedures, and documentation standards.
- Assess Compliance Measures: Evaluate how SKS ensures compliance with local and international auditing standards (e.g., International Standards on Auditing - ISAs) in their audit processes.
- Explore Quality Control Practices: Investigate the quality control measures in place at SKS to maintain the accuracy, consistency, and reliability of audit engagements.
- Study Reporting Protocols: Understand the reporting mechanisms followed by the firm, including the format, content, and timing of audit reports provided to clients and regulatory bodies.

1.5 Quantitative Research

I have prepared this report based on my experience, knowledge which I gathered from my senior manager, colleagues, and supervisors. Here I mainly covered how can I have collected, stored, and accumulated the data. To prepared this report I have prioritized the secondary data. Here I will be discussing how the data are collected.

Data Sources: To prepare this report I have collected both the primary and secondary data. An Auditor do not have enough time to collect data from primary sources. So, secondary information is used to prepared this report.

❖ **Primary sources:**

- Some information I collecting from my senior and colleagues and my supervisor.
- Information collected through audit managers, audit assistants and existing students of the firm.
- During my work I observe and collected various information's that are related with my report
- And some information I got from at the time of factory visit.

❖ **Secondary Sources**

- Information collected from audit working papers from Shameem Khaled Salahuddin & Co.
- Information collected from various publications, books, files, and Internet. Example: Bangladesh Standards of Auditing (BSA).

1.6 Limitations of the study

The main objective of the report was to make a thorough study of external audit procedure. Throughout my internship period I have faced different obstacles which I had to handle efficiently and effectively. Moreover, during wiring my report I also had faced some limitations. Some of the limitations are shown below:

- **Time Constraint**: Audit procedure is a huge concept and quite difficult to master it's all aspects. I tried to project those aspects that I learned throughout my internship program. Hence, many aspects can be discussed if there was enough time.
- **Limitation in Practical atmosphere**: As a junior student, I was given very limited responsibility to fulfil as I may make huge mistake in sensitive issues. Thus, the scope was limited for me to understand the whole process of auditing.
- **Firm's Code of Conduct**: I was not authorized to provide several information regarding audit procedure because to maintain confidentiality of my firm and its client. Thus, I was not able to write everything in details which I wanted to.
- **Resource Limitations**: The absence of advanced auditing tools and software restricted my ability to apply modern methodologies, such as data analytics or automated testing. This constraint limited the scope of analysis and made it challenging to reflect current industry practices in the report.
- **Lack of Practical Experience**: Being an intern, there was limited hands-on involvement in some complex auditing processes, which could have provided deeper insights.
- **Time for Report Writing**: Balancing internship responsibilities with the time needed for report preparation made it challenging to ensure comprehensive coverage of the topic.
- **Balancing Responsibilities**: Balancing internship responsibilities with the preparation of the report was challenging. Managing internship duties alongside report preparation reduced the time available for thorough research and analysis.
- **Restricted Data Access**: Due to confidentiality policies, access to certain critical documents and client information was restricted. This lack of access hindered my ability to analyze sensitive data, which is often crucial for understanding advanced audit processes.

CHAPTER: 2

LITERATURE REVIEW

2.1 Review of Literature

Michael C. Jensen explored that the evolution of audit from a financial check to a multidimensional process signifies its pivotal role in ensuring organizational transparency, governance, and accountability. Despite its challenges, the incorporation of technology and the broadening of audit scopes reflect the resilience and adaptability of the profession.

Robert K. Mautz (1998) argued that auditors should maintain an unbiased stance, free from any undue influence, to provide reliable and credible assessments of financial statements. This notion of independence has remained a cornerstone of auditing principles and regulations.

Mautz (2001) advocated for the idea of auditing as a means of reducing information risk for stakeholders. He emphasized the role of auditors in enhancing the reliability of financial information, thereby increasing the confidence of investors, creditors, and other users of financial statements.

Hassan and Mautz delved into the economic principles and motivations behind auditing. One of their key contributions was examining the demand for audit services, emphasizing the societal need for assurance and reliability in financial information. They explored how auditors serve as intermediaries, providing credibility to financial statements and reducing information asymmetry between management and stakeholders.

Hassan also delved into the concept of information risk in auditing. He highlighted the importance of auditors in mitigating this risk by ensuring the accuracy and reliability of financial information. Their work emphasized that auditors play a crucial role in enhancing transparency and trust in financial reporting, thereby benefiting various stakeholders in the business environment.

Schilder emphasized the importance of high-quality auditing in fostering confidence and trust in financial markets. He advocated for the adoption and implementation of robust international auditing standards to ensure consistency and comparability in audit practices across various jurisdictions. Schilder believed that harmonized standards would not only enhance the reliability of financial reporting but also facilitate cross-border investments by providing stakeholders with consistent and trustworthy information.

Schilder stressed the significance of auditor independence, objectivity, and ethical conduct. He emphasized the need for auditors to maintain a high level of professionalism, integrity, and skepticism in their work to uphold the credibility and reliability of audit opinions.

CHAPTER: 3

ORGANIZATIONAL OVERVIEW

3.1 Overview of Shameem Khaled Salahuddin & Co.

Shameem Khaled Salahuddin & Co is an emerging Chartered Accountancy (CA) firm based in Bangladesh. Despite being new to the scene, this firm brings together a team of highly competent professionals with a shared commitment to delivering exceptional financial services. At Shameem Khaled Salahuddin & Co, they take pride in our fresh and innovative approach to financial matters. They believe that every client's needs are unique, and their dedicated team is geared towards tailoring solutions that best suit those needs. Their emphasis on staying up-to-date with the latest industry trends and regulations ensures that their clients receive the most relevant and accurate advice.

Although our firm is young, our team boasts a wealth of experience and knowledge in the field of Chartered Accountancy. Led by Shameem Khaled Salahuddin himself, a seasoned professional with a proven track record, our team is composed of individuals who excel in various areas of finance. This diversity allows us to offer a comprehensive range of services, from audit and taxation to financial consulting.

3.2 Ownership/legal entity of the firm

This is a partnership firm that is registered with The Institute of the Chartered Accountants of Bangladesh as required by the Bangladesh Chartered Accountants Order 1973. This firm is also under the jurisdiction of Partnership Act 1932. Partners of the firm are owner who are authorized by the Institute of Chartered Accountants of Bangladesh to carry on this business.

3.3 Vision

Shameem Khaled Salahuddin & Co, their envision being a reliable pioneer in financial services. Their goal is to steer businesses and individuals towards success using their skilled team and inventive methods. They aspire to establish higher benchmarks in the field while fostering honest and excellent long-term connections.

3.4. Mission

- By providing precise and reliable financial advice to meet the diverse needs of businesses and individuals.
- By giving develops customized solutions that align with the unique goals and challenges of

each client.

- Leverage professional expertise to help clients navigate complex financial landscapes and make well-informed decisions.
- By supporting clients in achieving their financial goals and aspirations through a transparent and client-focused approach.
- Uphold integrity and clarity in all interactions to build strong, lasting relationships with clients.
- Play a key role in driving the progress and success of clients by addressing their financial challenges and opportunities effectively.

3.5 Office Location

The firm is located at House # 27, Road # 12, Block # F, Niketan, Gulshan-1 Dhaka-1212, Bangladesh. This is a prime area of the capital city which is famous for nearby location of all business facility. Firm location itself also offers an easy communication benefit for the clients from any corner of the Dhaka City. Total office space is 1200 sft. which is well furnished with latest office equipment.

3.6 Serving areas of the firm

To offer in full range of services to the clients in the following areas:

- Audit & Assurance
- Taxation Advisory
- Business Management Consultancy
- Internal Auditing
- Secretarial issues
- Accounts preparation
- Due diligence
- Assets valuation

3.7 Quality control policies

A set of established policies to maintain and uphold the quality of the professional services. To work in the public interest by safeguarding entrepreneurs' resources. The set of firm quality control policies includes:

a) Use and upgrade the firm's audit practice manual;

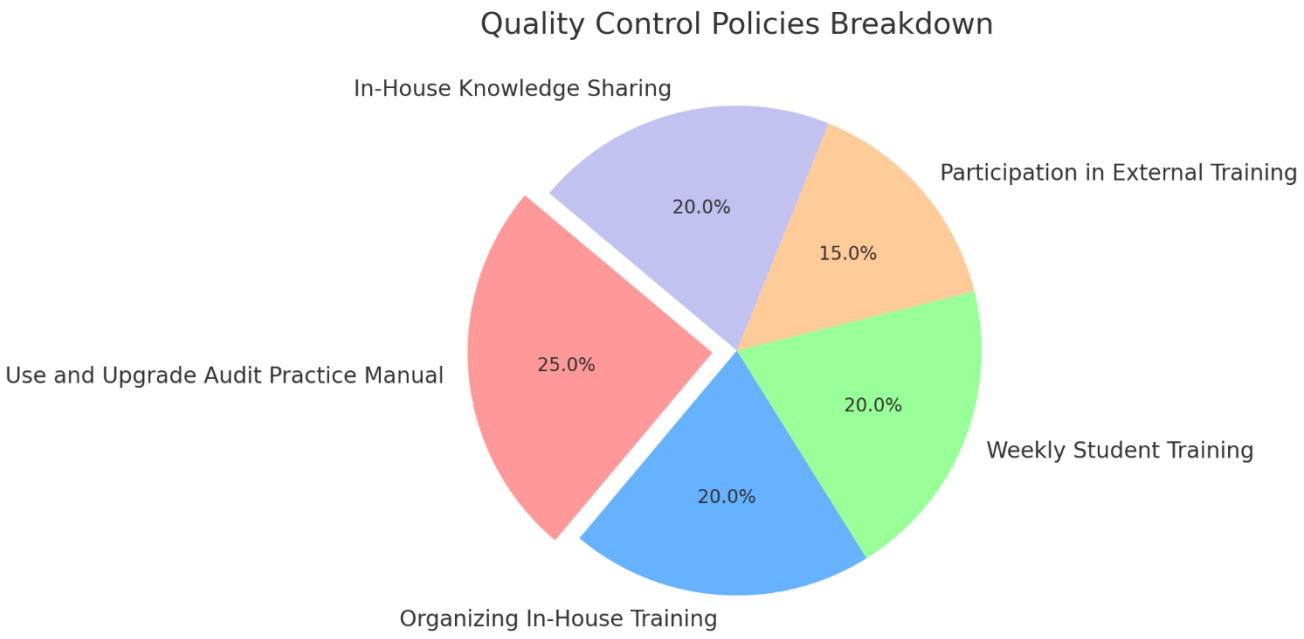
b) Organizing in-house training;

c) Weekly student training;

d) Participation in the training organized by the other institution;

e) Holding in-house knowledge sharing sessions.

Below is a pie chart that visualizes the emphasis on each quality control policy:



3.8 Human resource of the firm

S.l No.	Particulars	No. of person
01	Partners	01
02	Audit/Office Manager	03
03	Articled Students/ACCA Students	07
04	Apprenticed for Articled ship	03
05	Office Staffs	02
	Total	**16**

3.9 Processes of acquiring clients of the firm

a) Personal promotion
b) E-tender
c) Local procurement (Tender participation)
d) Client's recommendation

3.10 Client serving individuals (Team Composition)

a) Engaged partner
b) Team Manager
c) Senior Auditor
d) Junior auditor

CHAPTER: 4

AUDIT & ASSURANCE TECHNIQUES AND PRACTICES

4.1 Auditing Practices at Shameem Khaled Salahuddin & Co.

While many evaluation methods apply to both potential and existing clients, they hold particular importance when working with a new client.

- **Identifying Potential Clients and Their Sources** (addresses the following inquiries):
  Is the client one of the following:

  - Listed entities
  - Non-listed entities such as financial institutions, insurance companies, NBFCs, or DFIs
  - Economically Significant Companies (ESCs) as defined by current regulations or standards
  - What has been the auditor's prior experience with this client or associated group members?
  - Was the work referred by a reliable professional contact?
  - What significant risks are involved in taking on this client?

- **New Client Checklist:**

Particular	Yes/No N/A	Initials
Pre-interview		
1 Are we satisfied that we are independent and are likely to have adequate resources and knowledge to complete the audit?	Y	
2 Are we satisfied that the acceptance of the appointment would not have an adverse effect on the reputation of the practice?	Y	
3 Are we satisfied that acceptance of the engagement will not create any conflict of interest with existing clients?	Y	
4 Are we satisfied that there are no other reasons why we would not wish to act for the client (for example financial difficulties or litigation)?	Y	
Money laundering considerations		
1 Are we satisfied that the company is a bona fide business?	Y	
2 Are there any concerns regarding the integrity of the directors, management or shareholders of the company?	N (client evaluation)	
3 Have we established the ultimate control of the company?	N/A	
4 If the client has been introduced by a principal or staff member of the firm, or a long-standing client, do we have written confirmation from the introducer of the client's identity?	N/A	
5 Have we written for references from other sources? Specify:	N/A	
6 Have we obtained and copied for file specific proof of identity (eg passport or photo driving license) for all directors and shareholders (or the controlling shareholders if many)?	Y	

7 Have we obtained and copied for file specific proof of the client's address? (eg a current utility bill). Specify:	Y	
Points for interview	Yes/No	Initials
1 Have we identified which marketing source gave rise to the new client? Specify:	Y (Professional friend)	
2 Name of previous accountant obtained. Specify:	Yes	
3 Full personal details of directors and share-holders obtained?	Y	
4 Have we completed section 1 of the permanent file?	Y	
5 Have we requested details/copies of the items below?		
-certificate of incorporation;	Y	
-memorandum and Articles of Association;	Y	
-last annual return;	Y	
-books and records;	Y	
-organization chart;	Y	
-last set of accounts;	Y	
-fixed asset register;	Y	
-last set of TDS, and	Y	
-last Tax Return	Y	

- **Gathering Background Information About the Business** (focuses on these questions):
  - What information is available about the prospective client?
  - What is the business reputation of the prospective client, including its owners, governance body, and management team?
  - How competent are those in charge of governance and management? (Assess their qualifications and experience.)
  - What is known about the integrity of key individuals in ownership and management roles?
  - Is there a dominant Chief Executive?
  - Can the auditor meet the Audit Committee without the presence of executives?
  - What is known about the client's banking and legal advisors?
  - What is the client's financial standing, including liquidity and overall viability?
  - Does management have a significant personal financial interest in financial outcomes?

4.2 Auditor's Relationship with the prospective client

At Shameem Khaled Salahuddin & Co. to associate with any engagement with prospective client they assess the followings:

- Whether the preconditions for an audit are present, that is, the use by management of an acceptable financial reporting framework in the preparation of the financial statements and the agreement of management or those charged with governance to the premise on which an audit is conducted.
- Whether any limitation of scope is likely that would result in a disclaimer of opinion?
- What is the need to accept the audit even where the limitation on scope is or likely to be imposed by the management?
- Are there any relationships that may impair auditor's objectivity or ability to meet any relevant independence requirements?
- Is there any potential conflict of interest affecting auditor's ability to accept the engagement? For example, providing audit and accountancy services to the same client. If there is a conflict of interest whether the interest conflicting with audit removed or safeguards available that reduces the risk to an acceptable level?

4.3 Understanding the Client in Depth (Business Knowledge and Activities)

a) General Overview of the clint

- Client History and Background
- Client Profile

b) Business Goals and Associated Strategies

c) Business Components

- Major Markets
- Major Products and Services
- Major Customers
- Major Competitors
- Alliances (including suppliers) and other relationships

d) Authorized Signatories List

e) Notes from Meetings with the Client

4.4 Overview of Controls

Understanding the controls includes reviewing the control environment and related activities.

- **Control Environment:** Includes the governance and management functions and the attitudes, awareness, and actions of those charged with governance and management concerning the entity's internal control and its importance in the entity. The control environment is a component of internal control.
- **Control Activities:** Those policies and procedures that help ensure that management directives are carried out. Control activities are a component of internal control.
- **Control Risk:** The risk that a misstatement that could occur in an assertion about a class of transaction, account balance or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's internal control.
- **Internal Control:** The process designed, implemented and maintained by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The term "controls" refers to any aspects of one or more of the components of internal control.

4.5 Implementing the Audit Practice Manual (APM)

- **Overview:**

APM incorporates all the documentation needed to enable compliance with Bangladesh Standards on Auditing (BSA).

The manual is very flexible, allowing you, through the planning, to decide the best approach to auditing each of the relevant sections. This enables you to comply with all the relevant standards as efficiently and effectively as possible.

- **Referencing system:**

All working papers generated during the audit or documents filed on the audit working paper file should be referenced and cross-referenced to facilitate review

- **Forms:**

The forms in the APM have been designed to facilitate and encourage review and conclusions.

- **Accounts:**

The A section should contain the final draft of the accounts and all subsequent journals, up to the final accounts.

- **Completion:**

  - Audit standards questionnaire
  - File completion questionnaires
  - Justification of audit report
  - Cleared audit queries

4.6 Planning

- **Planning summary:**

This schedule is effectively a sign-off sheet to evidence:

- approval of the planning by the engagement partner;
- reading of the audit plan by the engagement team, and
- final review of the planning at the completion stage.

- **Engagement Evaluation Process:**

This section outlines the process to ensure that independence is thoroughly assessed before accepting or renewing an audit engagement. It also confirms that the firm possesses sufficient resources and the necessary technical expertise to conduct the audit effectively.

- **Pre- Audit Planning Guide:**

This checklist should be completed as a control over the planning of the audit. It will ensure that all initial steps are properly taken. It will guide users through completion of the risk assessment and internal control evaluation forms.

- **Summary of Systems and Internal Controls:**

BSA 315: Understanding the entity and its environment and assessing the risks of material misstatement requires a much deeper understanding of the client's procedures and systems of internal control than was the case previously.

- This section provides guidance for completing forms that document this enhanced understanding.
- to record the conclusions about internal controls during both the planning and completion phases of the audit.

- **Company Insight and Context:**

BSA 315.20 requires the auditor to obtain an understanding of the company and the environment in which it operates. This includes:

- industry- specific, regulatory, and other external factors, including the applicable financial reporting framework;
- The nature of the entity, including the entity's selection and application of accounting policies;

- **Detailed Risk Assessment:**

This detailed risk assessment serves three main purposes:

- as an aide-memoire for identifying specific risks affecting the client that may require further action;
- a means of formally documenting the approach to issues where the risk is assessed as low and which may as a result not require specific additional testing, and
- a means of determining an overall risk assessment for the client.

- **Materiality Summary:**

Since this is a planning document, figures for the accounts being audited will on occasions not be available. Where this is the case the anticipated figures for the current year (perhaps based on VAT or sales records) and, if appropriate, the figures for the previous years should be used. The materiality figure established sets the overall materiality to apply to the audit. BSA 320: Audit Materiality requires the auditor to consider the level of materiality throughout the audit.

- **Planning Schedules:**

  - Accountancy work planning
  - Sample size planning
  - Assignment planning timetable
  - Budget and performance summary
  - Job progress report

- **Extensive Analytical Review:**

Where it is considered that useful audit evidence can be derived from an extensive analytical review, this approach can be adopted. It is often very cost effective. For extensive analytical review to be effective it must be targeted, the results must be corroborated with independent data and it must be undertaken by a suitably senior and experienced individual.

- **Fraud Risk:**

SL	Fraud Risk	Condition	Risk Area	Audit Procedures
1	No identification mark on assets and not perform regular inspection of the condition and use of assets.	Incentive	Inconsistence of employee benefits with expectations and self-interest of the employees or workers.	Review consistency of the employee benefit; Interview from CEO, Head of HR, Respective Employee and Workers to know the satisfaction level of employees and workers; Perform physical verification on fixed assets and reconcile with the fixed assets register.
		Opportunity	Fixed assets which are small in size, marketable, or lacking observable identification of ownership; Inadequate segregation of duties.	
		Rationalization	Disregard for the need for monitoring or reducing risks related to misappropriations of assets; Tolerance of assets theft.	

- **Audit Risk Summary:**

BSAs 315 and 330 require the auditor to document:

- The identified and assessed risks of material misstatement at the financial statement level and at the assertion level, and
- The overall responses to address the assessed risks of material misstatement at the financial statement level and the nature, timing, and extent of the further audit procedures, the linkage of those procedures with the assessed risks at the assertion level, and the results of the audit procedures.

- **Audit Risk Checklist:**

- firstly, it acts as a guide through the various stages in assessing risk and determining the responses to those risks, and
- secondly it is a checklist to help ensure that all those stages are followed

- **Risk Assessment:**

'The auditor should identify and assess the risks of material misstatement at the financial statement level, and at the assertion level for classes of transactions, account balances, and disclosures. For this purpose, the auditor:

- identifies risks throughout the process of obtaining an understanding of the entity and Its environment, including relevant controls that relate to the risks, and by considering the classes of transactions, account balances, and disclosures in the financial statements.
- relates the identified risks to what can go wrong at the assertion level;
- considers whether the risks are of a magnitude that could result in a material misstatement of the financial statements, and
- Considers the likelihood that the risks could result in a material misstatement of the financial statements.

4.7 Additional planning schedules

- Accountancy work planning
- Sample size planning
- Assignment planning timetable
- Budget and performance summary
- Job progress report

4.8 Audit Evidence

➢ **Audit Objectives:**

BSA 500.2 requires that the auditor should obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion.

a) Assertions about classes of transactions and events for the period under audit such as:

- **Occurrence** - transactions and events that have been recorded have occurred and pertain to the entity;
- **Completeness** - all transactions and events that should have been recorded have been recorded;
- **Accuracy** - amounts and other data relating to recorded transactions and events have been recorded appropriately;
- **Cut-off**- transactions and events have been recorded in the correct accounting period; and
- **Classification** - transactions and events have been recorded in the proper accounts.

b) Assertions about account balances at the period end such as:

- **Existence -** assets, liabilities, and equity interests exist;
- **Rights and Obligations** - the entity holds or controls the rights to assets, and liabilities are the obligations of the entity.
- **Completeness -** all assets, liabilities and equity interests that should have been recorded have been recorded; and

- **Valuation and Allocation -** assets, liabilities and equity interests are included in the financial statements at appropriate amounts and any resulting valuation or allocation adjustments are appropriately recorded.

c) Assertions about presentation and disclosure such as:

- **Occurrence and Rights and Obligations** - disclosed events, transactions and other matters have occurred and pertain to the entity;
- **Completeness** - all disclosures that should have been included in the financial statements have been included;
- **Classification and Understandability** - financial information is appropriately presented and described, and disclosures are clearly expressed; and
- **Accuracy and Valuation** - financial and other information are disclosed fairly and at appropriate amounts.

4.9 Audit conclusion

A conclusion should be drawn for each audit area. This is vitally important. Not only should the summary sheet be concluded upon, but for each main test within each area, the relevant working paper should state:

- the aim of the tests;
- the work performed;
- the results obtained, and
- the conclusion reached.

➢ **Completion Stage:**

The conclusion requires confirmation of several different things. This includes confirmation that:

- the work detailed in the audit program has been carried out;
- the results have been adequately recorded; all necessary information has been collected for the preparation of the statutory accounts.
- subject to any minor matters highlighted on B5 or B8, the objectives have been met

- **Alternative Conclusion:**

The summary sheet should state clearly the alternative conclusion reached, with adequate explanation for the conclusion to be understood. Before reaching an alternative conclusion, consideration should be given to whether there are any additional audit procedures that could be carried out to enable a satisfactory confirmation of the audit objectives to be given.

4.10 Register of Laws and Regulations

The Register of Laws and Regulations is, as the name suggests, a form for recording all significant laws and regulations which affect the client company. BSA 250: Consideration of laws and regulations in an audit of financial statements requires the auditor to:

- obtain a general understanding of the legal and regulatory framework applicable to the entity and the industry and how the entity is complying with that framework (according BSA250.15);
- obtain a general understanding of the procedures followed by the entity to ensure compliance with that framework (according BSA 250.15.1);
- perform further audit procedures to help identify instances of non-compliance with those laws and regulations where non-compliance should be considered when preparing financial statements (according BSA 250.18).

CHAPTER: 5

PRACTICAL EXPERIENCE AS AN INTERN

5.1 Overview

During my internship at Shameem Khaled Salahuddin & Co., I served as an article student, primarily tasked with visiting ABC Company to assist in preparing and analysing financial statements as well as supporting auditing processes. This experience was both challenging and rewarding, allowing me to bridge the gap between theoretical knowledge and its application in real-world scenarios.

5.2 Duties and Contributions

As an article student, I undertook several critical responsibilities during my internship:

- **Preparation of Financial Statements:**

My role began with assisting in the preparation of financial statements for ABC Company. This involved gathering and consolidating financial data from sources such as income statements, balance sheets, and cash flow statements. I was tasked with organizing and presenting this data accurately using accounting tools and software. Through this task, I became proficient in tools like QuickBooks and Excel, which are integral to financial statement preparation.

- **Analysis of Financial Statements:**

In addition to preparing financial statements, I was actively involved in their analysis. This required a solid grasp of financial concepts and sharp analytical skills. My responsibilities included evaluating financial trends, calculating key financial ratios, and identifying anomalies or discrepancies. This analysis provided meaningful insights to senior auditors and contributed to informed decision-making regarding the company's financial stability.

- **Audit Engagement Support:**

I collaborated closely with the audit team, gaining hands-on experience in auditing procedures. My tasks included performing substantive testing, verifying transactions, and ensuring compliance with applicable accounting standards and regulations. This exposure deepened my understanding of audit methodologies and practices.

- **Managing Time Effectively:**

Balancing diverse tasks and meeting tight deadlines was a significant challenge. This experience emphasized the importance of time management, prioritizing responsibilities, and adhering to a structured work routine.

- **Enhancing Communication Skills:**

Working within a team of seasoned professionals required clear and effective communication. I learned to express my ideas succinctly, ask relevant questions, and seek guidance when needed. This was vital for accurately conveying audit findings and financial insights.

- **Developing an Eye for Detail:**

The audit process highlighted the necessity of being detail-oriented. I gained the ability to thoroughly examine financial records and transactions, identifying inconsistencies and potential issues—a critical skill in the auditing profession.

- **Gaining Proficiency in Accounting Software:**

During my internship, I developed expertise in various accounting software tools, an essential competency for aspiring accountants. These platforms streamlined financial statement preparation and data analysis, enhancing overall efficiency.

In conclusion, my internship at Shameem Khaled Salahuddin & Co. offered a comprehensive, hands-on experience in accounting, financial statement preparation, and auditing. It provided a valuable opportunity to work alongside experienced professionals and learn from their insights. This experience has significantly enriched my skills and knowledge, laying a strong foundation for my future career in accounting. I am deeply grateful for the mentorship and support I received, which has prepared me to excel in the financial and accounting fields.

5.3 A Project Lead by Me:

Under supervision of Manager, I have done many projects among them I lead a project. The Name of the Company XTZ (Imaginary name). In this project three Audit Assistant work under me and we work step by step.

- **Steps in the Audit Process:**

1. Pre-Visit Planning:

- **Understanding the Client**: Review XYZ's industry, business model, prior audit reports, and key financial metrics.
- **Risk Assessment**: Identify potential high-risk areas (e.g., revenue recognition, inventory valuation).
- **Team Allocation**: Assign tasks to your audit assistants based on their expertise (e.g., vouching, ledger scrutiny).
- **Checklist Preparation**: Develop a checklist of documents required, such as:
    - Trial Balance
    - General Ledger
    - Invoices and Receipts
    - Bank Statements
    - Fixed Asset Register
    - Tax Returns

2. On-Site Visit:

- **Introductory Meeting**: Meet with XYZ's finance team to discuss the audit plan and timeline.
- **Document Collection**: Request access to necessary documents, either in hard copy or digital form, including financial records, contracts, and compliance documents.
- **Physical Verification**:
    - Verify inventory, fixed assets, or other physical items as applicable.
    - Take photographs or notes for documentation.
- **Interviews**: Speak with key personnel to understand internal controls, processes, and any significant transactions.

3. Audit Execution:

- **Testing and Verification**:
    - Reconcile balances in the Trial Balance with the General Ledger.
    - Perform sampling techniques for transactions (e.g., matching invoices with receipts).
    - Verify bank reconciliations and confirmations.
- **Internal Control Review**: Assess the effectiveness of XYZ's internal control systems.
- **Analysis of Financial Data**: Use analytical procedures to identify discrepancies or unusual trends.

4. Drafting the Financial Statement (FS) Report:

- **Compliance Check**: Ensure the financial statements comply with relevant accounting standards (e.g., IFRS, GAAP).
- **Compilation**: Assemble the financial statements, including:
    - Balance Sheet
    - Profit and Loss Statement
    - Cash Flow Statement
    - Notes to Accounts
- **Review Findings**: Consolidate audit findings and highlight significant issues, misstatements, or risks in a draft report.

5. Finalization and Reporting:

- **Internal Review**: Review the draft report within your team to ensure accuracy and completeness.
- **Discussion with Client**: Present findings to XYZ’s management and address their queries.
- **Audit Report Submission**: Submit the final audit report, including a summary of findings and recommendations.

Caduceus - Commerce & Consultancy Limited
Statement Of Financial Position
As at 30 June 2023

	Notes	Amount in Taka	
		30-Jun-23	30-Jun-22
ASSETS			
Non-current assets			
Property, plant and equipment	4	125,774	139,075
		125,774	**139,075**
Current assets			
Inventories	5	7,904,433	6,680,665
Trade and other receivables	6	-	267,939
Advances, deposits and prepayments	7	860,030	863,980
Advance income tax		1,153,466	753,479
Cash and cash equivalents	8	3,743,473	5,494,804
		13,661,401	**14,060,866**
TOTAL ASSETS		**13,787,175**	**14,199,941**
EQUITY & LIABILITIES			
Equity			
Share capital	9	100,000	100,000
Share money deposit		6,651	6,651
Retained earnings		3,208,633	1,687,878
		3,315,283	**1,794,529**
Liabilities			
Current liabilities			
Other Payable	10	7,734,384	7,662,457
Loan	11	1,132,703	2,530,713
Accruals, provisions and other liabilities	12	472,500	1,656,775
Provision for taxes	13	1,132,305	555,467
		10,471,892	**12,405,412**
TOTAL EQUITY & LIABILITIES		**13,787,175**	**14,199,941**

Caduceus - Commerce & Consultancy Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Notes	Amount in Taka	
		30-Jun-23	30-Jun-22
Revenue	14	16,249,773	17,170,807
Less: Cost of goods sold	15	11,861,661	14,250,333
Gross profit		**4,388,112**	**2,920,474**
Less: Administrative and selling expenses	16	2,290,520	1,588,358
Profit from operation		**2,097,592**	**1,332,116**
Less: Financial expenses		-	-
Operating profit		**2,097,592**	**1,332,116**
(Add)/Less: Other than operating (Income)/Expenses		-	-
Add: Other income		-	12,770
Profit before tax		**2,097,592**	**1,344,886**
Less: Tax expenses	13	576,838	369,844
Profit after tax		**1,520,755**	**975,042**
Other comprehensive income:		-	-
Total comprehensive income for the year		**1,520,755**	**975,042**

Caduceus - Commerce & Consultancy Limited
Statement of Changes in Equity
For the period ended 30 June 2023

Amount in Taka

Particulars	Share Capital	Share Money Deposit	Retained Earnings	Total
Balance as on 1 July 2022	100,000	6,651	1,687,878	1,794,529
Net Profit (Loss) after tax for the period	-	-	1,520,755	1,520,755
Balance as at 30 June 2023	**100,000**	**6,651**	**3,208,633**	**3,315,284**

Statement of Changes in Equity
For the period ended 30 June 2022

Amount in Taka

Particulars	Share Capital	Share Money Deposit	Retained Earnings	Total
Balance as on 1 July 2021	100,000	6,651	712,836	819,487
Net Profit (Loss) after tax for the period	-	-	975,042	975,042
Balance as at 30 June 2022	**100,000**	**6,651**	**1,687,878**	**1,794,529**

Caduceus - Commerce & Consultancy Limited
Statement of Cash Flow
For the period ended 30 June 2023

	Notes	Amount in Taka	
		30-Jun-23	**30-Jun-22**
A. Cash from operating activities:			
Net Profit/ (Loss) before Tax		2,097,592	1,344,886
Depreciation Charge		13,301	13,301
		2,110,893	**1,358,187**
		(2,464,214)	**4,492,551**
(Increase)/ decrease in Receivable		267,939	(267,939)
(Increase)/decrease in Advance & Deposits		3,950	125,000
(Increase)/decrease in Security Deposit		-	(75,000)
(Increase)/decrease in Other Receivable		-	(788,980)
(Increase)/decrease in Inventory		(1,223,768)	2,657,730
(Increase)/decrease in Material In Transit		-	1,556,132
(Increase)/decrease in Advance Income Tax		(399,986)	(380,739)
Increase/ (decrease) in Provision for Expenses		(1,184,275)	-
Increase/ (decrease) in Expense Payable		71,927	1,666,346
Cash generated from Operations		**(353,320)**	**5,850,738**
Other Income		-	-
Tax Paid		-	(188,756)
Net Cash from Operating Activities		**(353,320)**	**5,661,982**
B. Cash from investing activities:			
Purchase of Property, plant and equipment		-	-
Net cash used in investing activities		-	-
C. Cash from financing activities:			
Share Capital		-	-
Share Money Deposit		-	-
Loan		(1,398,010)	(2,301,752)
Net cash generated from financing activities		**(1,398,010)**	**(2,301,752)**
Net Increase/(decrease) in cash & cash equivalents during the year (A+B+C):		(1,751,330)	3,360,231
Opening cash & cash equivalents		**5,494,804**	**2,134,573**
Foreign currency translation difference		-	-
Closing cash & cash equivalents		**3,743,473**	**5,494,804**

➢ Basis of preparation of Financial Statements

- **Going Concern Assumption:**

As per IAS-1: Presentation of Financial Statements of para 25, management shall make an assessment of an entity's ability to continue as a going concern. The Company has adequate resources to continue in operation for the foreseeable future. The current resources of the Company provide sufficient funds and attributable credit facilities to meet the present requirements of its existing business. Hence, it is assumed that the Company has neither the intension nor the need to liquidate or curtail materially the scale of its operation. As such management intends to prepare the financial statements on a going concern basis.

- **Statement of Compliance:**

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Companies Act, 1994 and other applicable laws in Bangladesh.

- **Basis of Measurement:**

The financial statements have been prepared on going concern basis under the historical cost convention and on accrual basis, except for statement of cash flows.

- **Presentation of Financial Statements:**

The presentation of these financial statements is in accordance with the guidelines provided by IAS

The financial statements comprise:

(a) Statement of financial position as at 30 June 2023

(b) Statement of profit or loss and other Comprehensive Income for the year ended 30 June

(c) Statement of changes in Equity for the year ended 30 June 2023.

(d) Statement of Cash Flows for the year ended 30 June 2023;

(e) Notes to Financial statements, comprising summary of significant accounting policies and explanatory information for the year ended 30 June 2023.

- **Authorization for Issue:**

The financial statements were authorised for issue by the Board of Directors on 25 January, 2024

- **Reporting Period:**

The financial statements from July 01, 2022 to June 30, 2023.

- **Functional and Presentation Currency:**

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the company's functional currency.

- **Use of Estimates and Judgments:**

The preparation of these financial statements, in conformity with lFRSs, required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on a going concern basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Note 04 : Property, plant and equipment

Note 13 : Provisions and other payable

Note 14 : Income tax payable

- **Accrual Basis of Accounting:**

Caduceus - Commerce & Consultancy Limited prepares its financial statements, except for cash flow information, using the accrual basis of accounting. When the accrual basis of accounting is used, it recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework.

- **Comparative Information and Rearrangement:**

Comparative information has been disclosed in respect of the period ended 30 June 2022 for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period financial statements.

5.4 Challenges and Learning

Internships are pivotal in bridging the gap between academic knowledge and professional expertise. My practical experience as an intern was both challenging and enlightening, equipping me with critical skills and insights for my career.

- **Challenges Faced:**

1. **Adapting to Workplace Dynamics**:
   Transitioning from a classroom environment to a professional workspace required adjusting to workplace etiquette, teamwork, and communication styles.
2. **Time Management**:
   Balancing multiple tasks with tight deadlines was initially overwhelming, as it demanded a quick assessment of priorities and efficient work execution.
3. **Lack of Practical Knowledge**:
   Academic theories often fell short of addressing real-world complexities. Tasks like data analysis, report drafting, or industry-specific tools were new and required on-the-job learning.
4. **Understanding Industry Jargon**:
   The frequent use of technical terms and industry-specific language posed a challenge, especially during meetings and while reading professional documents.
5. **Seeking Feedback**:
   Initially, I hesitated to ask for feedback, fearing it might be perceived as incompetence. However, this proved crucial for learning and improvement.

- **Learning Acquired:**

1. **Practical Application of Knowledge**:
   The internship offered hands-on exposure to applying theoretical concepts to real-world problems, solidifying my understanding of their relevance and utility.

2. **Enhanced Communication Skills**:
   Regular interactions with team members, clients, and stakeholders improved my verbal and written communication, as well as active listening.

3. **Problem-Solving and Critical Thinking**:
   Tackling challenges in a professional setting fostered my analytical skills and ability to devise innovative solutions under pressure.

4. **Technical Proficiency**:
   Exposure to industry tools and software significantly improved my technical skills, making me more adept at handling modern workplace technologies.

5. **Adaptability and Resilience**:
   Facing and overcoming challenges enhanced my ability to adapt to dynamic environments and stay composed under stress.

The internship was a transformative experience, offering invaluable lessons in professional conduct, skill development, and self-awareness. The challenges I faced became opportunities for growth, shaping me into a more competent and confident individual ready to embrace future professional endeavours.

CHAPTER: 6

FINDINGS

6.1 Findings

- **Deadline Challenges and Client Coordination:**

  Audit firms frequently encounter difficulties due to delayed communication from clients. Such delays disrupt the audit process, creating time constraints for completing procedures and finalizing detailed audit reports. This urgency to meet deadlines may affect the overall quality and depth of the audit.

- **Frequent Transition of Junior Auditors:**

  The constant rotation of junior auditors across various engagements can undermine the continuity and understanding necessary for effectively assessing a client's operations. This rapid turnover may result in diminished quality and consistency in audit work, as staff may lack adequate time to fully comprehend the intricacies of each client's business.

- **Insufficient Time Allocation for Audit Tasks:**

  Inadequate time allocation for individual audit tasks often hampers the thorough evaluation of financial records and processes. This limitation can compromise the accuracy and comprehensiveness of the audit, increasing the likelihood of errors or miss details.

- **Barriers to Gathering Audit Evidence:**

  Auditors may face challenges in obtaining necessary evidence due to restricted access to key documents, unavailability of critical information, or complexities in verifying specific transactions or balances. These issues can undermine the completeness and reliability of the audit process.

- **Threats to Auditor Neutrality:**

  Client efforts to influence audit opinions pose a serious threat to auditor independence. Such pressures can compromise the objectivity and integrity of the audit process, potentially affecting the credibility and reliability of the final audit report.

- **Influence to Avoid Modified Opinions:**

  Audit firm partners may encounter pressure to avoid issuing qualified opinions, which can jeopardize their professional judgment. This pressure, often driven by the desire to maintain client relationships or avoid reputational damage, may lead to issuing unqualified audit reports that lack necessary disclosures.

CHAPTER: 7

RECOMMENDATIONS AND CONCLUSION

7.1 Recommendations

- Auditors cannot test all transactions, so they select specific samples for appropriate testing and form their opinions based on these. However, due to client negligence, required documents are sometimes not provided on time.
- Students involved in audit engagements often cannot participate from start to finish due to quick rotations between assignments. This limits their understanding of the full audit process at Mushi Muhith Haque & Co. Supervisors should aim to involve available students in their teams.
- Time constraints often lead to audits being completed and reports issued quickly, making it challenging to maintain the desired quality of audit work.
- Auditors and firms face challenges if they fail to issue accurate and appropriate audit opinions. If the client encounters legal issues, the audit firm may also be held accountable. Auditors must maintain independence in their professional judgment and resist client influence. Firm partners should ensure that audit opinions and reports are both accurate and appropriate.
- Establish clear communication channels with clients, encouraging them to provide necessary information promptly and avoid last-minute requests. Set clear expectations for timelines to manage deadlines effectively.
- Implement training programs to ensure junior auditors gain sufficient exposure and continuity in specific engagements. Consider longer rotations or mentorship opportunities to enhance their understanding of client operations. Promote knowledge sharing within audit teams.
- Reassess workload distribution and allocate sufficient time for each audit task. Allow auditors to request deadline extensions when needed to ensure thorough work. Adjust project timelines to facilitate comprehensive audits.
- Strengthen procedures for obtaining audit evidence by improving collaboration with clients to access necessary documents. Develop protocols to address complex transactions or information gaps, ensuring complete evidence collection.
- Reinforce independence standards within the firm. Provide training to help auditors identify and resist undue client influences. Foster a culture that values professional judgment and integrity over client pressures.

7.2 Conclusion

My internship at Shameem Khaled Salahuddin & Co. was a transformative experience that provided valuable exposure to the practical aspects of accounting, financial statement analysis, and auditing. As an article student, I contributed to tasks such as preparing and analysing financial statements for ABC Company and participating in the auditing process. These responsibilities allowed me to apply academic knowledge in a real-world setting, enhancing my time management, attention to detail, and communication skills. I also gained proficiency in accounting software, an essential competency in today's technology-driven industry.

A highlight of my internship was providing recommendations to improve ABC Company's financial health, which enriched my understanding of auditing while sharpening my analytical and problem-solving abilities. The guidance and mentorship from the professionals at Shameem Khaled Salahuddin & Co. were invaluable, making the experience both educational and rewarding. The insights and skills I developed during this time form a solid foundation for my future endeavours in the accounting profession.

Bibliography

Books:

1. Alvin A. Arens, James K.Loebbecke, Rander J. Elder & Marks S. Beasley "Auditing An Integrated Approach", 8th Edition
2. Alvin A. Arens & James K. Loebbecke "Auditing", 4th Edition
3. B.N. Tandon "Practical Auditing", 10th Editing
4. Institute of Chartered Accountants of Bangladesh- "Study Manual on Auditing." Larry F. Konarth, "Auditing: A Risk Analysis Approach"

Website/Publications:

1. AICPA (1947) (AICPA & CIMA | AICPA & CIMA)
2. Institute of Chartered Accountants of Bangladesh "Accounting Standards and Auditing Guidelines", March 1992. (ICAB - The Institute of Chartered Accountants of Bangladesh)
3. Braun and Devis (2003) (Computer-assisted audit tools and techniques: Analysis and perspectives)
4. IAS (International Accounting Standards)
5. IFRS (IFRS - Home)

Citations:

1. Bazerman, M.H., Loewenstein, G., and Moore, D.A. (2002), Why Good Accountants Do Bad Audits, Harvard Business Review, Nov. pp 95─98.
2. Caplan, D. and Kirschenheiter, M. (2002), A Model of Auditing Under Bright-Line Accounting Standards
3. Garrison, M.J., and J.D. Hansen. 1999. "Using the Engagement Letter to Limit Auditors' Professional Liability Exposure." The Ohio CPA Journal (July-September) Vol. 58, No. 3, pp. 59-62.
4. Yusuf, J. E., Jordan, M. M., Neill, K. A., & Hackbart, M. (2013). For the people: Popular financial reporting practices of local governments. Public Budgeting & Finance, 33(1), 95-113.
5. Coombs, H. M., & Tayib, M. (2000). Financial reporting practice: a comparative study of local authority financial reports between the UK and Malaysia. In Comparative issues in local government accounting (pp. 53-68). Boston, MA: Springer US.
6. Valentinetti, D., & Rea, M. A. (2012). IFRS Taxonomy and financial reporting practices: The case of Italian listed companies. International Journal of Accounting Information Systems, 13(2), 163-180.
7. Mohd Nasir, N., Othman, R., Said, J., & Ghani, E. (2012). Financial reporting practices of charity organizations: Malaysian evidence. International Bulletin of Business Administration.