Internship Report

on

ADVISORY AND AUDITING
AT
ACNABIN CHARTERED ACCOUNTANTS

Submitted by:

Azmun Zahan

ID: BBA2102023047

Program: Bachelor of Business Administration

Major: Accounting

Sonargaon University (SU)

Submitted to:

Department of Business Administration

Sonargaon University (SU)

Submitted for:

The partial fulfillment of the degree of Bachelor of Business Administration



Sonargaon University (SU)

147/I, Green Road, Tejgaon, Dhaka-1215, Bangladesh.

Date of Submission: 07 January, 2025

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Md. Mostakin

Lecturer

Department of Business Administration

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Date of Submission: 07 January, 2025

Letter of Transmittal

January 05, 2025

Md. Mostakin
Lecturer
Department of Business Administration Sonargaon
University (SU)

Subject: Submission of Internship Report on "ADVISORY AND AUDITING at ACNABIN Chartered Accountants".

Dear Sir,
With most respectfully to state that I am pleased to submit my internship report titled **"ADVISORY AND AUDITING at ACNABIN Chartered Accountants".** This report is an essential part of my BBA degree requirements, and I had the privilege of completing my internship at **ACNABIN Chartered Accountants** under their guidance.

This report reflects the types of advisory, process of internal audit of a multinational company which was done by a top-rated audit firm. I have made an effort to include relevant details while keeping the report concise.

I kindly request their assessment of this report. Their feedback would be greatly appreciated. Thank you for their time and consideration.

Yours Sincerely

Azmun Zahan
ID: BBA2102023047
Program: BBA Major:
Accounting
Department of Business Administration
Sonargaon University (SU)

Certificate of Supervisor

I hereby confirm that, the internship report titled **"ADVISORY AND AUDITING At ACNABIN Chartered Accountants"** has been created in fulfillment of the BBA program requirements at the Department of Business Administration, Sonargaon University (SU). The report was conducted by **Azmun Zahan** with ID-BBA2102023047, under my guidance. I assure you that the report and its contents will not be utilized for any other intentions.

Md. Mostakin
Lecturer
Department of Business Administration
Sonargaon University (SU)

Declaration of Student

I am Azmun Zahan, a student in the Bachelor of Business Administration program with ID BBA2102023047 at Sonargaon University. I want to sincerely state that the report titled " **ADVISORY AND AUDITING at ACNABIN Chartered Accountants"** has been genuinely created by me. During the preparation of this report, I ensured full compliance with international copyright regulations. I also want to clarify that this report has not been submitted anywhere else for the purpose of obtaining a degree.

Yours Sincerely

Azmun Zahan
ID: BBA2102023047
Program: BBA
Major: Accounting
Department of Business Administration
Sonargaon University (SU)

Letter of Authorization

I hereby confirm that the project report titled " **ADVISORY AND AUDITING at ACNABIN CHARTERED ACCOUNTANTS** is a genuine effort by **Azmun Zahan**. 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 in the same context or a different one.

Md. Mostakin

Lecturer
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, my foremost appreciation goes to my supervisor**, Md. Mostakin,** Lecturer at **Sonargaon University (SU)**, for her crucial guidance, scholarly insights, and unwavering support throughout my study period.

Moving forward, I am grateful to **Md. Mominul Karim FCA**, Partner, **ACNABIN Chartered Accountants** from whom I gained significant knowledge. I also extend special thanks to all the other individuals at **ACNABIN Chartered Accountants** main branch (Karwan Bazar). 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

This internship report provides an overview of my experience during the internship at **ACNABIN Chartered Accountants**, outlining key observations, tasks completed, and insights gained throughout my time with the firm. The objective of this report is to highlight the firm's operational processes, client service approach, and the role of interns in supporting the audit team.

Firm Overview:

ACNABIN Chartered Accountants is a respected professional services firm specializing in auditing, tax, and advisory services. It serves clients across various industries, including financial services, healthcare, manufacturing, and technology. The firm is known for its high standards in financial reporting, regulatory compliance, and risk management.

Internship Experience & Key Responsibilities:

During my internship, I had the opportunity to gain hands-on experience in a range of audit-related activities, working closely with senior auditors and teams. My key responsibilities included:

- **Assisting in Audits:** I supported the audit team by preparing working papers, performing substantive testing, and helping to review client financial statements.
- **Data Analysis:** I utilized data analytics tools to identify trends, discrepancies, and potential risk areas in client data.
- **Client Interaction:** I observed client meetings and learned about the importance of maintaining strong, professional client relationships and clear communication.
- **Documentation:** I assisted in organizing and maintaining audit documentation, ensuring compliance with firm standards and industry regulations.

Key Insights:

1. **Audit Process & Methodology:**
   - The audit process at **ACNABIN Chartered Accountants** is highly structured, with a focus on thorough planning, risk assessment, and quality control. Interns are expected to assist in various stages of the audit, from preliminary risk assessment to the final review of financial statements.
   - I observed the firm's adherence to auditing standards such as the International Standards on Auditing (ISA), ensuring audits are carried out with precision and consistency.

2. **Use of Technology:**

- **ACNABIN Chartered Accountants** has integrated several advanced technologies into the audit process, including data analytics software for analyzing large datasets and improving audit accuracy. I had the opportunity to work with these tools, which increased my understanding of how technology is transforming the audit profession.
- Automation of repetitive tasks, such as document management and data reconciliation, streamlined the workflow, allowing auditors to focus more on higher-level analysis and client interactions.

3. **Client Service and Communication:**

- Client relationships are a key focus for the firm. I witnessed firsthand how the audit team works closely with clients to address any issues or concerns, ensuring transparency and building trust. The importance of clear and professional communication was emphasized in all interactions.
- I also learned about the importance of understanding a client's business, industry, and financial structure in order to provide relevant and effective advice.

4. **Team Collaboration and Learning Environment:**

- The firm fosters a collaborative work environment where senior auditors mentor and guide junior team members, including interns. I was enchaining aged to ask questions, contribute ideas, and participate in team discussions, which enhanced my learning experience.
- The firm places a strong emphasis on continuous professional development, with regular training sessions on technical skills, industry knowledge, and regulatory changes.

5. **Challenges and Areas for Improvement:**

- One challenge I observed was the time pressure that audit teams often face, particularly during peak seasons. This can sometimes lead to longer working their s, which highlights the importance of efficient time management and resource allocation.
- The firm could further enhance its use of collaborative digital platforms for document sharing and project management, improving efficiency across teams and locations.

Conclusion:

My internship at **ACNABIN Chartered Accountants** has provided me with valuable insights into the audit profession, particularly in the areas of audit processes, client service, and the role of technology in modern audits. The firm’s strong commitment to quality, professional development, and client satisfaction was evident in every aspect of its operations. By continuing

to innovate and optimize its processes, the firm will maintain its competitive edge in the evolving audit landscape. The experience has also given me a deeper understanding of the challenges and opportunities within the industry, which I believe will be beneficial in my future career in audit and accounting.

ACNABIN
Chartered Accountants

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Chapter: 01
Introduction

1.1 Introduction

In today's world academic education is not adequate to enable a student to compete with confidence and reach his/her goal without having experience with the outside world. In order to have an idea and gain experiences, we, the students of Faculty of Business, **Sonargaon University** have to undertake three-month internship program at any organization. As a part of my BBA Program, the three-month internship program gave me the opportunity to have a practical knowledge on auditing procedure. The assignment was how a chartered accountancy firm performs an audit and also to gain a knowledge and practical experience on how audit work is performed in corporations' companies and non-profit making organizations.

To face much more complex and challenging business world in the challenging business areas, practical knowledge is essential to expand our theoretical base. To gather this practical knowledge, we were forwarded different organization after completing BBA Program. As I have an intention to become a chartered accountant, I was forwarded to **ACNABIN Chartered Accountants**, a prominent chartered accountant firm in Bangladesh.

This study gave me an opportunity to observe and perform real world knowledge about the audit procedure and advisory, which is followed by the chartered accountancy firm. In the internship period I could relate the theoretical knowledge of auditing to practical exposure.

1.2 Background of the study

The internship program is mandatory requirement for the student who are graduating from the BBA program under the faculty of Business of **Sonargaon University**. In the internship program I was engaged in a host firm named **ACNABIN Chartered Accountants**. for three-month period. I have learned how an audit and advisory is conducted. I also learned about the audit procedures and advisory services of **ACNABIN Chartered Accountants** and how the engagement is done in case of an annual audit. As a result, I have decided to write a report about the audit procedures and advisory services of **ACNABIN Chartered Accountants** from practical knowledge that I have observed.

1.3 Objectives of the Study

- To have an overall idea about the audit procedures and advisory services of **ACNABIN Chartered Accountants**.
- To gain practical knowledge and experience on how **ACNABIN Chartered Accountants** performs an audit and advisory services and how audit work is performed in corporations, companies and non-profit making organizations.
- To identify about how to accumulate and process evidences to make an audit report, Prepare Financial Statements and personal and corporate VAT and TAX filling.

1.4 Scope of the Study

I have been assigned in **ACNABIN Chartered Accountants** that gave me tremendous scope to familiarize with the audit procedure and advisory services of the firm. Major parts of scope are point out below:

a) Background of the host firm and also their position.

b) Audit procedure and advisory services, which is followed by the firm for performing any audit.

c) Nature and importance of it has depicted in this study.

d) Audit methodology of the firm, which is followed by the firm for performing any audit.

e) Audit administration of the firm, which is followed by the firm for performing any audit.

1.5 Methodology of the Study

In order to prepare the assigned project paper, I have collected necessary information from two types of sources as follows:

1) Primary sources information.
2) Secondary sources information.

Primary sources information

1. I have collected primary information by working with different audit team.
2. Discussing with engagement partner, audit manager, audit staff, articled student ACCA trainees.

Secondary sources information

1. I have also collected secondary information like annual audit report, management audit report, accounting system & audit working papers, last year financial statements and assisting with prepare VAT and TAX filling.
2. The information was obtained from various corresponding files of the firm.

1.6 Limitations of the Study

The study is conducted with an objective to make a thorough study of external audit procedure. I have availed many facilities and faced some obstacles during my study.
These obstacles may be termed as limitation of the study. These limitations are as follows:

a) Scheduled time span was not sufficient to cover all information.

b) As an independent audit firm, the information of the case study is not adequate for this

study.

c) To some extend the exact audit procedure is not followed due to time and other constrains.

d) As the internship was the first practical experience, it was not possible for me to know all and everything of audit procedure.

Chapter: 02
Review of Literature

2.1 DEFINITION OF AUDITING:

Arens and Loebbecke, 1998 defines Auditing as:
"Auditing is the process by which a competent, independent person accumulates and evaluates evidence about quantifiable information related to a specific economic entity for the purpose of determining and reporting on the degree of correspondence between the quantifiable information and established criteria."
This definition includes several key words and phrases. To understand the definition, different terms are discussed below:

- **Competent, Independent Person:**

The auditor must be qualified to understand the criteria used and competent to know the types and amount of evidence to accumulate to reach the proper conclusion after the evidence has been examined.
The auditor must also have an independent mental attitude. It does little good to have a competent person who is biased performing the evidence accumulation when unbiased information and objective thinking are needed for the judgments and decisions to be made. Independence cannot be absolute by any means, but it must be a goal that is worked toward; and it can be achieved to a certain degree.

- **Accumulating and Evaluating Evidence:**

Evidence is defined as any information used by the auditor to determine whether the quantifiable information being audited is stated in accordance with the established criteria.
Evidence takes many different forms, including oral testimony of the auditee (client), written communication with outsiders, and observation by the auditor. It is important to obtain sufficient quality and volume of evidence to satisfy the audit objectives. The process of determining the amount of evidence necessary and evaluating whether the quantifiable information corresponds to the established criteria is a critical task for every auditor.

- **Quantifiable Information and Established Criteria:**

To do an audit, there must be information in a verifiable form and some standards (criteria) by which the auditor can evaluate the information. Quantifiable information can and does take many forms. It is possible to audit such thing as a company's financial statements, the amount of time it takes an employee to complete an assigned task, the total cost of a government construction contract, and an individual's tax return.
The criteria for evaluating quantitative information can also vary considerably. For example, in auditing a vendor's invoice for the acquisition of raw materials, it is possible to determine whether materials of the quantity and stated description were actually received, whether the proper raw material was acquired considering the production needs of the company, or whether the price charged for the goods was reasonable. The criteria used depend upon the objectives of the audit.

- **Economic Entity:**

Whenever an audit is conducted, the scope of the auditor's responsibility must be made clear. The primary method involves defining the economic entity and the time period. In most instances the economic entity is also a legal entity, such as a corporation, unit of government, partnership, or proprietorship. In some cases, however, the entity is defined as a division, a department, or even an individual.

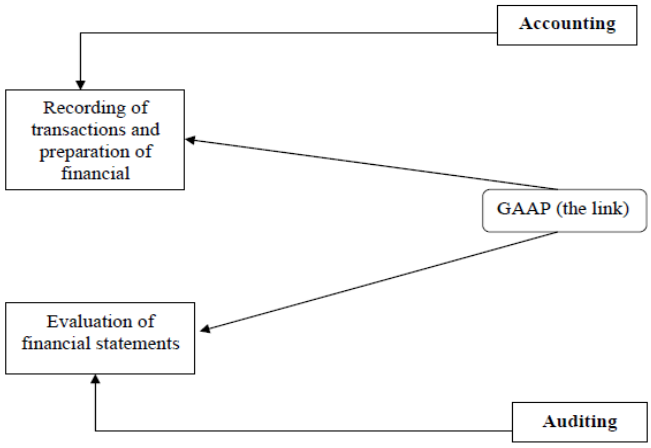
The time period for conducting an audit is typically one year, but there is also audits for a month, a quarter, several years, and in some cases the lifetime of an entity.

- **Reporting:**

The final stage in the audit process is the audit report – the communication of the findings to users. Reports differ in nature, but in all cases, they must inform readers of the degree of correspondence between quantifiable information and established criteria.

2.2 DISTINCTION BETWEEN AUDITING AND ACCOUNTING:

Many financial statements users and members of the general public confuse auditing with accounting. The confusion results because most auditing is concerned with accounting information, and m any auditors have considerable expertise in accounting matters. Although auditing and accounting are related, they are distinct from each other.



Accounting and Auditing Contrast

(Larry F. Konarth, "Auditing: A Risk Analysis Approach")

Accounting involves collecting, summarizing, reporting, and interpreting financial data. Accounting is the process of recording, classifying, and summarizing economic events in a logical manner for the purpose of providing financial information for decision making. The function of accounting, to an entity and a society as a whole, is to provide certain types of quantitative information that management and others can use to make decisions.

To provide relevant information, accountants must have a thorough understanding of the principles and rules that provides the basis for preparing the accounting information. In addition, accountants must develop a system to make sure that the entity's economic events are properly recorded on a timely basis and at a reasonable cost.
Auditing, by contrast, utilizes the theory of evidence – in much the same way as does the legal profession – to verify the overall reasonableness (fairness) of the financial statements presented. In auditing accounting data, the concern is with determining whether recorded information properly reflects the economic events that occurred during the accounting period. Since the accounting rules are the criteria for evaluating whether the accounting information is properly recorded, any auditor involved with these data must also thoroughly understand the rules. In the context of the audit of financial statements, these are generally accepted accounting principles (GAAP).

8.2 TYPES OF AUDITS:

There are various types of audits. Such as:

a. Operational Audit
b. Compliance Audit
c. Audit of Financial Statements
d. Internal Audit
e. Interim Audit
f. Performance Audit
g. Governmental Audit

a) Operational Audit:

Operational Audit refers to the study of business operations for the purpose of making recommendations about the economic and efficient use of resources, effective achievement of business objectives and compliance with company policies. At the completion of an operational audit, recommendations to management for improving operations are normally expected. The goal of operational audit is to help managers to discharge their management responsibilities and improve profitability.

b) Compliance Audit:

Management often wants to know whether its organizational policies are being complied with or whether external mandates are being met. The purpose of a compliance audit is to determine whether the auditee is following specific procedures or rules set down by some higher authority. Results of compliance audits are generally reported to someone within the organizational unit being audited rather than to a broad spectrum of users. Management, as opposed to outside users, is the primary group concern with the extent of compliance with certain prescribed procedures

and regulations. Hence a significant portion of work of this type is done by auditors employed by the organizational units themselves**.** Compliance audit involves:

1. Examining transactions and detailed records, and
2. Identifying weaknesses.

c) Audit of Financial Statements:

Financial statements audits are conducted to determine whether financial statements are presented fairly in accordance with generally accepted accounting principles (GAAP). However, public sector financial audits also determine whether financial statements are presented in accordance with applicable laws and regulations. An audit of financial statements is conducted to determine whether the overall financial statements – the quantifiable information being verified – are stated in accordance with specific criteria. The financial statements most commonly included are the statement of financial position, income statement and statement of cash flow, including accompanying footnotes. The assumption underlying an audit of financial statements is that they will be used by different groups for different purposes. Therefore, it is more efficient to have one auditor perform an audit and draw conclusion that can be relied upon by all users than to have each user performs his or her own audit.

d) Internal Audit:

Internal audit is an independent appraisal function established within an organization to examine and evaluate its activities as a service to the organization. The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, internal audit furnishes them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed. Internal audit is practiced by auditors employed by an organization, such as a bank, hospital, city government, or industrial company. The Institute of Internal Auditors is the international organization that governs the standards, continuing education, and general's rules of conduct for internal auditors as a profession**.**

e) Interim Audit:

Interim audit refers to the procedures applied prior to the client's year end, primarily for the purpose of lowering the assessed risk level. The interim audit phase consists of resting the client's internal accounting controls and performing substantive tests of transactions. Interim audit procedures performed several weeks or months before the balance sheet date**.**

In recent years, certain changes in the information processing environment have begun to alter the traditional approach to the interim audit. Instead of testing the internal control procedures during a single interim time period, auditors are applying these tests, along with tests of selected transactions, at frequent intervals throughout the year. This sometimes referred to as Continuous Audit. This type of audit is especially applicable to those clients with sophisticated computer-based accounting applications.

f) Performance Audit:

Performance audits address the economy, efficiency, and program results of a reporting unit. Economy and efficiency audits are performed to determine whether management's objectives are being achieved and to identify opportunities and develop recommendations for improvements. Program audit includes determining (1) the extent to which the desired results or benefits established by the legislature or other organizing body are being achieved, (2) the effectiveness of organizations, programs, activities, or functions, and (3) whether the entity has complied with laws and regulations applicable to the program.

g) Governmental Audit:

Governmental audit may be defined as testing and reporting on conformity with laws and regulations relating to recipients of federal financial assistance. Governmental audit refers to the independent auditor's responsibility for determining compliance with laws and regulations when engaged in audits of state and local governmental units, as well as other not-for-profit entities, that are the recipients of federal finance assistance**.** Governmental auditors are employed by various state, local, and federal agencies. The work performed by these auditors' ranges from a internal audits of a specific agency to audits of other governmental units to audits of reports furnished to the government by outside organizations.

8.2 AICPA GENERALLY ACCEPTED AUDITING STANDARDS:

Auditing standards are general guidelines to aid auditors in fulfilling their professional responsibilities in the audit of historical financial statements. They include consideration of professional qualities such as competence and independence, reporting requirements, and evidence.

The broadest guidelines available are the ten Generally Accepted Auditing Standards (GAAS). These standards were developed by the AICPA in 1947, they have, with minimal changes, remained the same. These standards are not sufficiently specific to provide any meaningful guide to practitioners, but they do represent a framework upon
which the AICPA can provide interpretations. The ten Generally Accepted Auditing Standards are as follows:

General Standards

1. The audit is to be performed by a person or persons having adequate technical training and proficiency as an auditor.
2. In all matters relating to the assignment, independence in mental attitude is to be maintained by the auditor or auditors.
3. Due professional care is to be exercised in the performance of the audit and the preparation of the report.

Field Work Standards

1. The work is to be adequately planned, and assistants, if any, are to be properly supervised.
2. A sufficient Understanding of the internal control structure is to be obtained to plan the audit and to determine the nature, timing, and extent of tests to be performed.
3. Sufficient competent evidential matter is to be obtained through inspection, observations, inquiries, and confirmations to afford a reasonable basis for an opinion regarding the finance.

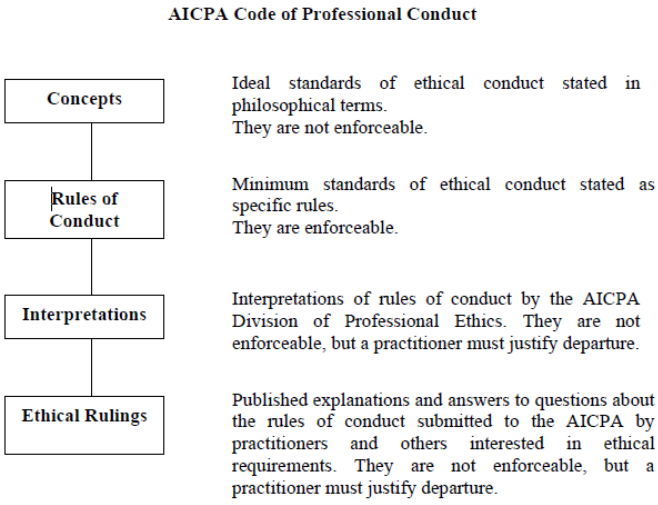
Reporting Standards

1. The report shall state whether the financial statements are presented in accordance with generally accepted accounting principles (GAAP).
2. The report shall identify those circumstances in which such principles have not been consistently observed in the current period in relation to the preceding period.
3. Informative disclosures in the financial statements are to be regarded as reasonably adequate unless otherwise stated in the report.
4. The report shall either contain an expression of opinion regarding the financial statements, taken as a whole, or an assertion to the effect that an opinion cannot be expressed. When an overall opinion cannot be expressed, the reasons therefore should be stated.

In all cases where an auditor's name is associated with financial statements, the report should contain a clear-cut indication of the character of the auditor's work, if any, and the degree of responsibility the auditor is taking

2.5 PROFESSIONAL CONDUCT:

The AICPA Code of Professional Conduct (the Code) consists of four components. The principles provide the ethical concepts on which the Rules of Conduct are based as well as the standards for meeting the public trust. The principles provide the broadest framework for professional conduct and should be the highest guide for professional action. Auditors should always look first to the principles for professional guidance. The rules are only guides to help accomplish the broad principles of the profession.



2.5.1 AICPA Principles of Professional Conduct:

The principles provide the ethical concepts on which the Rules of Conduct are based as well as the standards for meeting the public trust. The principles provide the broadest framework for professional conduct and should be the highest guide for professional action. Auditors should always look first to the principles for professional guidance. The principles are as follows:

- **Responsibilities:**
  In carrying out their responsibilities as professionals, members should exercise sensitive professional and moral judgments in all their activities.
- **Public Interest:**
  Members should accept the obligation to act in a way that will serve the public interest, honor the public trust, and demonstrate commitment to professionalism.
- **Integrity:**
  To maintain and broaden public confidence, members should perform all professional responsibilities with the highest sense of integrity.
- **Objectivity and independence:**
  A member should maintain objectivity and be free of conflicts in discharging professional responsibilities. A member in public practice should be independent in fact and appearance when providing auditing and other attestation services.
- **Due care:**
  A member should observe the profession's technical and ethical standards, strive continually to improve competence and the quality of services, and discharge professional responsibility to the best of the member's ability.
- **Scope and nature of services:**
  A member in public practice should observe the principles of the Code of Professional Conduct in determining the scope and nature of services to be provided.

2.6 AUDIT RISKS:

The auditor should obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. The auditor should use professional judgment to assess audit risk and to design audit procedures to ensure it is reduced to an acceptably low level.

Audit risk is defined as "the risk that the auditor may unknowingly fail to appropriately modify his/her opinion on financial statements that are materially misstated". So, audit risk is the risk that the auditor gives an inappropriate audit opinion when the financial statements are materially misstated. Audit risk has three components:

• **"Inherent risk"** is the susceptibility of an account balance or class of transactions misstatement that could be material, individually or when aggregated with misstatements in other balances or classes, assuming that there were no related internal controls.

• **"Control risk**" is the risk that a misstatement that could occur in an account balance or class of transactions and that could be material individually or when aggregated with misstatements in other balances or classes, will not be prevented or detected and corrected on a timely basis by the accounting and internal control systems.

• **"Detection risk**" is the risk that an auditor's substantive procedures will not detect a misstatement that exists in an account balance or class of transactions that could be material, individually or when aggregated with misstatements in other balances or classes.

2.7 Audit Evidence:

Audit evidence consists of those facts and inferences that influence the auditor's mind with respect to financial presentation. The collective purpose of all audit procedures is to gather sufficient competent evidence to form an opinion on the fairness of the financial statements taken as a whole.

Characteristics of Audit Evidence:

It is important that the auditor appreciate the different characteristics of audit evidence and the reliance that can be placed on each type. Audit evidence can be characterized as:

1. Generated and held by the client.
2. Received from outside parties and held by the client.
3. Received directly by the auditor by independent means or from independent or quasi-independent parties.

Means of Gathering Audit Evidence:

Generally, evidence gathering techniques can be put into the following categories:

1. Observation
2. Confirmation
3. Calculation
4. Analysis
5. Inquiry
6. Comparison.

For the audit of certain accounts, it is possible that all six techniques will be used.

Chapter: 03
Organizational Profile

3.1 Historical Background of ACNABIN Chartered Accountants

A **A**BM Azizuddin

C Anwaruddin **C**howdhury

N ASM **N**ayeem

A HM **A**bul Kalam Azad

B ATMA **B**ari

I **I**ftekhar Hossain

N Mohammad Nurun **N**abi

ACNABIN Chartered Accountants was formed in February 1985, with a mission to continually add value by helping clients succeed. The then largest partnership firm was founded with a vision to build an institution which would foster an environment for leadership, continuous growth, learning, and collaborations. At present, **ACNABIN Chartered Accountants** has nine partners whose expertise in the field of auditing, accounting, reviewing, business consulting, business process outsourcing, financial and legal due diligence services, technology solutions, training and taxation has established the firm as a multidisciplinary organization. The partners have many years of experience of working both at home and abroad and with international consultants and organizations operating locally and globally. **ACNABIN Chartered Accountants** is regarded as one of the top firms of chartered accountants in the country context having significant exposure in the market.

Since the firm's inception, **ACNABIN Chartered Accountants** has been providing market survey, management, review and consultancy services to clients actively involved in industry, trade, finance, microfinance, education, health, social services, and agriculture in the private, public and NGO sectors throughout Bangladesh, as They'll as to various UN agencies and other development partners.

The global affiliations of **ACNABIN Chartered Accountants** have enabled the firm and its people to obtain training overseas and up-to-date information and knowledge in the profession. Currently, **ACNABIN Chartered Accountants** is an independent member firm of Baker Tilly International. **ACNABIN Chartered Accountants** was associated with Arthur Andersen, LLP the then global leader in the profession till the closure of the accounting giant in 2002.

3.2 Company Profile

United by core values

The culture of **ACNABIN Chartered Accountants** is driven by the Baker Tilly Internal core values:
To lead by example
To deliver quality services with integrity
To communicate openly, to act ethically
And to foster a community built around civic responsibilities and teamwork.

Vision:

They go beyond the traditional auditor and client relationship by becoming a Trusted Business Advisor.

Mission

They adhere to the strictest principles of client confidentiality. The sensitive and competitive nature of proprietary information and the maintenance of trust-demands it. They have built their success on such principles. They do their utmost to earn and keep client trust.

Strategic intent

They are passionate about helping their clients, while at the same time developing their people's potential.
While securing safe & trusted position in the market for financial institutions, telecommunications, foreign branch & liaison offices and NGOs/NPOs, they still see wider space for them to get involved in other sectors in the country and in the region.
Strategic Intent: They want to become trusted leader in the market ensuring highest level of professional ethics and competencies.

Partner-Driven Approach: They cater to their clients with personalized attention and meet their business challenges with ease and finesse without compromising their independence wherever required.

Extraordinary Client Service: Their client-centric approach is built around highly customized services through continuous innovation to deliver value to their clients. They provide support to their customers that they can rely on, encompassing all their requirements to the best of their ability. They believe in 'total client satisfaction'.

Vibrant & Long-lasting Client Relationships: Their client relationships are more than just business partnerships. They endeavor to understand the person as they'll as their business and build a vibrant and long-lasting relationship.

3.3 Services Of ACNABIN Chartered Accountants

They provide a range of accounting, assurance, advisory, and consulting services nationally and internationally through our five service divisions.

They are a full-service organization with a complete focus on niche services. Their services are not static but are completely tailor-made as per the changing needs of our clients. They continually ensure that Their services are high standard facing the local needs and reasonably measurable at international benchmark.

This is what They mean when They talk about leading with ambition. They give clients the perspective “you need to make good decisions now, for tomorrow”.

Assurance services

Their assurance team is trained to handle complex accounting and reporting requirements across the world. The services may include:

- Statutory audit
- Independent review of financial statements
- Restatement of accounts
- Quick impact assessment/end to end implementation of IFRS
- Special purpose management certificates
- Review engagement
- Donor audit
- NGO Audit
- Performing agreed-upon procedures
    - Internal audit
    - Special audit
    - Management audit
    - Performance audit
    - Interim audit

Business process outsourcing (BPO)

ACNABIN Chartered Accountants offers business outsourcing solution that delivers a high level of confidence and professional results by focusing your business. Our main outsourcing services includes:

- Accounts payable processing
- Payroll and payroll tax processing
- 41General ledger and financial statement processing

- Accounting services
- Human resource support
- Preparation of management accounts and management information systems

- Preparation & Maintenance of books of accounts
- Support in day-to-day Transaction Processing
    - Bookkeeping and preparation of final accounts
    - Fixed Assets verification and completion of records

New investment advisory:

Potential investors often seek supports on the strategy of forming their new business in the market with respect to appropriate structure that would best suit with the local regulations. Under this service area the regulators that our service unit needs to deal with broadly cover RJSC, BIDA, Central Bank, EPZ and BEZA. Generally following are the services fall under this service area:

- Name clearance and some initial information
- Drafting of Memorandum and Articles of Association
    - Filing applications to RJSC/BIDA/EZ/EPZ etc.
        - Help structuring capital with respect to RJSC and BSEC rules
        - Guiding on the suitability of forming either BO (Branch Office) or LO (Liaison Office)
        - Supporting VISA and other personalized supports to the investors and expatriate staff members including security clearances
- Preparation & Maintenance of books of accounts and periodic returns
- Submission of returns to various regulators
    - Supports on clause 7 & 8 of BIDA and 18B of Bangladesh Bank
    - Fixed Assets verification and completion of records Legal outsourcing
- Formation, incorporation, liquidation and winding up of companies
- Preparation and filing of Annual Return
- Preparation of AGM minutes
    - Preparation of Directors' minutes
    - Formation and registration of companies and close corporations
    - Maintenance of statutory records
- Conversions of companies and close corporations
- Amendments to and registration of statutory details
    - Increase of share capital
    - Change of company name
    - Change of Articles & Memorandum
- Preparation of Special resolutions
- Advice on secretarial matters relating to the Companies Act.
- Management of Litigation

- Management of Legal Disputes
- License Issues;
- Legal Opinion on Laws (not being directly licensed, we help getting appropriate opinion from the best possible lawyers from our strategic partners), Licenses, AOA etc.
- Compliance with Relevant Laws & Regulations
- IP Rights (Logo, Trademarks, Copyrights)
- Correspondence with Corporate Regulatory Bodies
- Drafting, Reviewing & Providing Opinion on:
- Agreement, MoU, NDA, Undertaking etc.
- RFP, PO/WO, LOI etc.
- Legal Notice etc.

Financial Modelling:

With large infrastructure and government projects catering to an increasing population, it has become imperative for a model building and analytics system to test value-creation capabilities.

We have created these models through exhaustive research. Moreover, we test their efficacy continuously and have developed extensive financial modelling capabilities for infrastructure projects.

Our service portfolio includes:

- Financial model building
- Independent review/ audit of financial model
- Managing financial models and MIS

Chapter: 04
Client's Profile
and
My Responsibility

4.1 Introduction

At **ACNABIN Chartered Accountants** every student assigned with a client under a manager with specific responsibility. During 3 months of internship my client was **GSSL** and my responsibility was assisting in preparation Financial Statements, Maintaining Day Book, Preparation and Submission of VAT TAX returns.

Green Smart Shirts Ltd. (GSSL), a sister concern of **PDS**, is a prominent organization operating in the garment industry. As part of its commitment to excellence and compliance, GSSL has engaged **ACNABIN Chartered Accountants** to provide professional advisory services. The engagement focuses on strengthening GSSL's financial operations, regulatory compliance, and overall operational efficiency.

8.2 Scope of Engagement

Accompanied by **ACNABIN Chartered Accountant**'s professional expertise, GSSL is supported in the following key areas:

1. **Preparation of Financial Statements**: Assisting GSSL in compiling, reviewing, and presenting financial statements in accordance with regulatory and reporting standards.
2. **Day Book Maintenance**: Ensuring accurate and systematic recording of daily financial transactions for transparency and audit readiness.
3. **VAT and Tax Compliance**: Preparing and submitting VAT and tax returns in line with legal requirements to ensure full compliance and avoid penalties.

4.3 My Responsibilities on behalf of ACNABIN Chartered Accountants

4.3.1 Preparation of Financial Statements

- Compile and validate financial data from various sources.
- Prepare financial statements following International Financial Reporting Standards (IFRS) and other applicable standards.
- Ensure statements are accurate, consistent, and aligned with GSSL's operational goals.
- Provide guidance for addressing gaps or areas of improvement in financial reporting.

4.3.2 Day Book Maintenance

- Record daily financial transactions, including cash, bank, and journal entries, in a timely and accurate manner.

- Maintain well-structured and detailed financial records for efficient tracking and reporting.
- Conduct periodic reconciliations to ensure data integrity and minimize errors.

4.3.3 VAT and Tax Return Preparation and Submission

- Prepare VAT returns, ensuring compliance with the Value Added Tax Act and related rules.
- Calculate corporate income tax and other applicable taxes with precision.
- Ensure timely submission of all tax and VAT returns to avoid fines or penalties.
- Offer advisory support to optimize tax planning while maintaining compliance.

4.4 Deliverables

The deliverables under this engagement include:

1. **Timely Financial Statements**: Complete and accurate financial statements, ready for presentation to stakeholders.
2. **Updated Day Book**: Properly maintained records that reflect **GSSL**'s financial transactions and provide a clear audit trail.
3. **VAT and Tax Compliance**: VAT and tax returns prepared and submitted well within regulatory deadlines, with strategies to enhance compliance and minimize liabilities.

8.2 Value Addition

Through this engagement, **ACNABIN Chartered Accountants** aims to deliver the following value to GSSL:

- Enhanced accuracy and efficiency in financial management processes.
- Strengthened compliance with financial and tax regulations.
- Reduced risks of penalties and improved readiness for audits.
- Support in making informed financial decisions to drive long-term business success.

8.2 Conclusion

The advisory engagement between **ACNABIN Chartered Accountants** and **GSSL** reflects a commitment to financial excellence, regulatory compliance, and operational efficiency. By addressing key financial and compliance areas, **ACNABIN Chartered Accountants** will empower **GSSL** to achieve its business objectives while maintaining its reputation as a responsible and compliant organization in the industry.

Chapter: 05
Audit Procedures Followed
by
ACNABIN

5.1 ENGAGEMENT PROCEDURES

Before discussing the Audit Procedures followed by ACNABIN, I will try to focus on the engagement procedures through which ACNABIN is engaged/ recruited by the client to perform the audit. ACNABIN faces three kinds of situations in engagement process:

- Engagement with new client.
- Engagement with existing client.
- Directly appointed by the client.

Before starting the audit work, some letters are exchanged between ACNABIN and Clients.

➢ In case of new client:

(four) letters are exchanged between ACNABIN and client including acceptance letter of appointment at the time of involving with the new client. Following stages are followed by both ACNABIN and client:

STAGE – 1: Client requires for technical and financial proposal from the ACNABIN

Client generally gives circular with the newspaper or directly wants proposal for audit from the audit firm. In case of direct offer, they request to the audit firm to submit a quotation for the cost of conducting audit of the client. They also mention the specific date to confirm the decision taken by the audit firm and completion date for audits. The client firm mentions here the key areas of the audit in the form of attachment. It assures that if ACNABIN audits client's firm, they will supply the formal terms of reference/audit mandates to govern the conduct of audit.

STAGE – 2: The technical and financial proposal is sent by ACNABIN to the client

After reviewing the client letter or paper's circular, audit firm drafts a proposal letter to the client. The proposal letter contains technical and financial proposal for carrying out the subject of audit. ACNABIN estimates its personnel costs after considering the mandates to be utilized and using the minimum hourly rate of fees as prescribed by The Instituted of Chartered Accountants of Bangladesh (ICAB). The firm also mentions that as it is an estimate, the cost may vary with variation in number of mandates estimated to be utilized for the job.

STAGE – 3: Acceptance by the client on the basis of proposal of ACNABIN – A letter of contract

After receiving proposal letters from various audit firms, client then selects the one which is favorable to them, and it appoints the audit firm for audit purpose. From the technical and financial proposal of the ACNABIN the client company understands the nature of the audit (such as independent, external) to assess the organization's internal control system in administering the audited matter.

STAGE – 4: A letter is sent by ACNABIN to the client confirming to work with the client – Confirmation Letter

After receiving the acceptance letter from the client, ACNABIN provides confirmation letter describing the firm's willingness to work with the client.

- **In case of last year's client**

Three letters are exchanged between the ACNABIN and client:

Willingness letter for reappointment**:** In this letter ACNABIN wants to audit this year. It can request to increase audit fee or change some other conditions.

ii. Client sends appointment letter.

iii. ACNABIN accept this appointment.

- **In case of directly appointed by the client**

If the client is interested to work with ACNABIN, then it directly sends an appointment letter to the firm which includes all terms and conditions. If all terms and conditions are favorable to the ACNABIN then it accepts the appointment and sends a letter to the client as an auditor.

5.2 AUDIT PROCEDURES FOLLOWED BY ACNABIN

ACNABIN follows BAKER TILLY International Audit procedure. The primary goal of ACNABIN at the time of involving in any audit engagement is to provide the opinion on Financial Statements in accordance with Bangladesh Standards on Auditing (BSA) as well as International Standards on Auditing (ISA). ACNABIN also seeks to provide auditing and business consultancy services that are innovative, efficient and most importantly responsive to their client's business needs.

There are seven steps involved in the procedures that come one after another. Steps are as follows:

- Identity Overall Goals
- Gather & Evaluate Initial Information
- Assess General Risks
- Assess Account-Specific Risks
- Develop Effective and Efficient Audit Plan/Work Program
- Conduct Audit Testing
- Evaluate and Communicate Audit Results

BAKER TILLY INTERNATIONAL AUDIT PROCESS

(This is followed by ACNABIN)

<table>
<tr><th colspan="5">IDENTITY OVERALL GOALS</th></tr>
<tr><td rowspan="2">Efficiency</td><td colspan="3">Opinion on financial statements</td><td rowspan="2">Client Value</td></tr>
<tr><td>Errors</td><td>Irregularities</td><td>Going Concern</td></tr>
</table>

<table>
<tr><th colspan="2">GATHER & EVALUATE INITIAL INFORMATION</th></tr>
<tr><td>❑ Understand the business
❑ Consider internal control structure</td><td>❑ Identify client expectation
❑ Consider materiality</td></tr>
</table>

<table>
<tr><th colspan="2">ASSESS GENERAL RISKS</th></tr>
<tr><td>❑ Consider impact of pervasive factor
❑ Establish overall audit approach</td><td>❑ Decide co-ordination and timing</td></tr>
</table>

<table>
<tr><th colspan="2">ASSESS ACCOUNT-SPECIFIC RISKS</th></tr>
<tr><td>❑ Identify accounts and transactions to be addressed
❑ Identify types of financial statement misstatements
❑ Identify risk indicators</td><td>❑ Select mitigating controls upon which reliance will be placed
❑ Develop procedures to test mitigating controls
❑ Assess remaining risk to be addressed by substantive tests.</td></tr>
</table>

<table>
<tr><th colspan="2">DEVELOP EFFECTIVE AND EFFICIENT AUDIT PLAN/WORK PROGRAM</th></tr>
<tr><td>❑ Test of controls</td><td>❑ Substantive test</td></tr>
</table>

<table>
<tr><th colspan="2">CONDUCT AUDIT TESTING</th></tr>
<tr><td>❑ Test of controls</td><td>❑ Substantive test</td></tr>
</table>

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Chapter: 06
Comparison of ACNABIN's Audit procedure with Chronological Sequence

6.1 COMPARISON BETWEEN BAKER TILLY INTERNATIONAL AUDIT PROCEDURE (THAT IS FOLLOWED BY ACNABIN) AND CHRONOLOGICAL SEQUENCES OF AN AUDIT ENGAGEMENT DESCRIBED BY EMILE WOOLF:

The main purpose of all audit engagement is more or less same – to provide the audit report to the interested parties on the result of the audit investigation. To achieve this objective, the auditor:

- ❖ Collects necessary and relevant information regarding the client's business to understand the overall business.
- ❖ Examines client's financial statements to determine whether they are prepared in accordance with GAAP and whether they give a true and fair view of the client's business.
- ❖ Provides audit report through which he expresses his opinion.

The audit procedures followed by the auditor to conduct an audit largely dependent on the size, nature, type, complexity and circumstances of the client's business.

Emile Woolf in his book "Auditing Today" describes an extensive audit procedure which covers more or less all the steps followed by the auditor. Although his audit procedure contains eight stages, but there are basically three main functions:

1. Gather information on background and operational systems of client's business.
2. Consider and evaluate the internal control and overall security structure of the client's business to determine the strengths and weaknesses of operational system and what the consequences of weaknesses in major operational areas are.
3. Prepare own (or check client's) detailed year-end financial statements (P & L A/C, Balance Sheet), form an opinion on the basis of the examination of financial statements and express the opinion to the interested parties in the form of audit report.

Now I try to identify the similarities or differences, if any between Emile Woolf's "Chronological Sequences of an Audit Procedure" and Baker Tilly International "Audit Procedure" which is followed by ACNABIN.

6.2 Similarities

a) Firm's Overall Goal:

Baker Tilly International's Audit Procedure focuses on some factors that need to be considered to achieve firm's overall goal that is to express an opinion on financial statements. The auditor should concern with:

- Errors
- Irregularities
- Going Concern
- Efficiency
- Client Value.

Emile Woolf's Chronological Sequence of Audit Procedure does not explicitly focus on such factors. But at the time of designing the nature, timing, and extent of the substantive tests, all these factors must be considered by the auditor.

b) Gather Information:

Auditor gathers and evaluates the background and operational system information of the client's business to obtain an overall knowledge and understanding of the client's business and operations. This is common for both the procedures.

c) Consider Internal Control System:

The control system which is established by the management of an organization in order to carry out the business of the organization in an orderly and efficient manner is known as the "Internal Control Systems".

The existence of a reliable internal control system can be a great help to the auditor. It helps the auditor to:

i. Identify the strengths and weaknesses in major operational areas.
ii. Determine whether the transactions are properly authorized and classified.
iii. Determine whether the records are complete and accurate.
iv. Detect error and frauds.

Both the audit procedures give importance on the proper understanding and evaluation of the internal control system by the external auditor.

d) Prepare and Execute Audit Program:

Audit Program is a list of procedures that are needed to be performed to conduct the audit. The program may also contain the audit objectives for each area.

The purposes of audit program are:

i. To establish an orderly and planned approach to an audit
ii. To record an overview of the client's accounting procedures and the audit

procedures to be performed

iii. To control how the audit plan works during testing.

e) General Risk Assessment:

General Risk Assessment is primarily an Inherent Risk assessment that is the susceptibility of the financial statements to material error, assuming no internal controls. GRA is performed to assess risk at the financial statement level. The auditor should attempt to predict where errors are most and least likely in the financial statements segments. This information affects the total amount of evidence the auditor is required to accumulate. At the time of assessing general risk, the auditor should consider several major factors:

- ❖ Nature of the client's business
- ❖ Integrity of management
- ❖ Client motivation
- ❖ Results of previous audits
- ❖ Related parties
- ❖ Dollar amount of account balances
- ❖ Initial versus repeat engagement
- ❖ Susceptibility of defalcation etc.

Both the procedures focus on the assessment of risk at the financial statement level that is the assessment of general risk.

f) Account Specific Risk

Account Specific Risk is analyzed to design the nature and extent of substantive tests on account level which is the process of obtaining evidence in support of transactions and balances. Analysis of Account Specific Risk builds on information obtained during General Risk Assessment (GRA) and is completed after consideration of the evaluation of the internal control system.

For the account balance and class of transaction level risk assessment the following major account heads should be considered:

a. Cash
b. Bank
c. Inventory
d. Fixed Assets
e. Accounts Receivables

f. Accounts Payables
g. Revenue
h. Expense
i. Payroll
j. Loan
k. Investment etc.

g) Form and Express an Opinion:

At the last stage of an audit engagement, the auditor forms an opinion on whether the financial statements were prepared in accordance with GAAP and other prescribed policies established by the top management of the organization and expresses his opinion to the interested parties through audit report.

6.3 Differences

a) Engagement Procedure:

Emile Woolf's Audit Procedure describes thoroughly how to involve with a new client. Auditor needs to achieve ethical clearance from the previous auditor before involving in any audit engagement.

Baker Tilly International's Audit Procedure does not provide any instruction/ suggestion on how to engage with a client (new or existing client). ACNABIN follows some engagement procedure to engage with a new or existing client but its audit procedure does not include anything about such engagement.

b) Management Letter:

In case of Chronological Sequence of Audit Procedure by Emile Woolf, the auditor provides only audit report to the interested parties who make their economic decision on the basis of such report.

In Baker Tilly International's Audit Procedure, auditor provides not only audit report to the interested parties but also management letter to the management of the organization. The principal purpose of a report to management is to enable the auditor to give his comments on the accounting records, systems and controls that he has examined during the course of his audit. Management letter helps the management to focus on:

- Significant areas of weakness in systems and controls that might lead to material errors.
- Areas where economies could be made or where resources could be used more efficiently.

- Matters that have come to the auditor's attention during the audit that might have an impact on future audits.

Chapter: 07
Findings of the Study

FINDING NO. 1

Involving in an audit engagement without having proper knowledge of client's business.

Fact:

In most cases, when the firm gets a new client, partner/partners select one of the managers as the supervisor of the audit team. Then supervisor selects some of the students as the members of the audit team for such audit engagement and the most senior student is selected as the in charge of the team. Sometimes supervisor does not give all the members of the team an overall idea of the client, nature of its business, its operation etc. Only in charge is informed about the client and in charge also does not discuss the details of the client's business and its nature before going to the client.

Effect:

a. As the members do not know anything about the client, client's business, they have to give much time to understand client's business and then they can start their audit tasks. So the audit tasks take much time.
b. Because of members' lacking in knowledge about the client's business, they sometimes fail to deal with the client and they have to depend on their in charge for doing any audit task.

FINDING NO. 2

Work programs are not followed properly.

Fact:

Work programs contain step by step instructions to carry out the audit work. In ACNABIN, we have separate work programs for different sectors of business. Work programs are also developed for different account heads to make our audit tasks easier. But in most of the cases, work programs are not followed properly. In some cases, we just touch each account head but do not go to the deep of the head to save our time

Effect:

a. Because of avoiding work programs, we are not able to obtain proper idea about each account head.
b. We may sometimes miss some important issues to be discussed.

FINDING NO. 3

Lack of supervision.

Fact:

According to the audit standards, all the audit tasks must be supervised properly. Appropriate supervision ensures the quality of the audit engagement. But practically, this does not happen in ACNABIN. In most of the cases, in charge distributes different account heads to different students and gives them some idea about such heads. But later, in charge does not supervise his juniors' works properly.

Effect:

Juniors may do something wrong or may collect some unnecessary documents, may fail to collect necessary/ required documents and that cannot be checked and corrected because of lack of supervision. As a result, when the partner/partners check the working paper files, junior students have to face some problems.

FINDING NO. 4

Limited time to complete an audit engagement.

Fact:

We have to carry out and complete our audit tasks within a limited time period. Sometimes, Client creates pressure to complete the audit and provide the audit report within very limited time as it he/she has to submit the audit report and audited financial statements to the Stock Exchange or Registrar of Joint Stock Companies (in case of private limited companies) within a fixed date. Sometimes, engagement partner of such engagement also creates pressure to complete audit work as early as possible.

Effect:

Because of time limitation, we complete the audit engagement and provide the audit report very quickly. So, it is not possible to ensure the quality of the audit work. Sometimes some account heads may be untouched.

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FINDING NO. 5

Difficulties in obtaining required audit evidences.

Fact:

Auditing standard suggests that sufficient and competent audit evidences must be collected and must be analyzed properly. Because of time limitation, it is not possible to test all the transactions. We identify some transactions having significant amounts or we feel significant, and test them and provide our opinion on the basis of such transactions. So, we try to collect all the evidences related to those transactions. But in some cases, management of clients are not interested or do not want to provide all the necessary or required documents because of their lack of knowledge about audit or they want to hide some illegal or wrong works done by them. Sometimes, we have to wait 2/3 days to get our required documents. Sometimes, client lost the documents that are helpful for our tasks.

Effect:

If the client fails to provide the required and necessary documents, it is difficult for us to give or issue an appropriate audit opinion and provide the appropriate audit report.

Chapter: 08
Recommendations and Conclusion

8.1 Recommendations

1. Before going to the client, supervisor or in charge should give some brief idea about the client's business to all the members of the audit team.
2. Work programs must be properly introduced to the juniors/ new students and must be followed as much as possible in each audit engagement.
3. In charge of an audit team must be ordered and properly instructed to supervise the work of his juniors.
4. An audit team should be given appropriate time (neither much nor less) to carry out the entire audit work properly.
5. Higher authority of the client must order or instruct the management to provide Auditors the required documents.

8.2 Conclusion

Baker Tilly International's Audit Procedure describes the step-by-step instructions of a financial statement audit. This procedure is sufficient for ACNABIN. If all these steps are followed properly, it is possible to ensure a proper conduct of financial statement audit. But as I stated above, in some cases the auditors of ACNABIN violates some audit standards and not carry out their audit tasks properly. As a result, the quality of audit work cannot be ensured all the time. But if all these problems can be removed, ACNABIN & Co. will be able to maintain its present status and improve its position to the client. So, all the partners and the articled students of ACNABIN must be conscious about this matter.

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