



**Internship Report
On
Audit Procedures of A Chartered Accountant
Firm: Masih Muhith Haque (MMH) & Co.**

Submitted To

Department of Business Administration
Faculty of Business
Sonargaon University (SU).

Submitted By

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Semester: Summer 2021
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Date of Submission: 28th September, 2021



**Audit Procedures of a Chartered Accountant
Firm: Masih Muhith Haque (MMH) & Co.**

Letter of Transmittal

Date: 28th September, 2021

Mr. Md. Masud Rana

Assistant Professor
Department of Business Administration
Faculty of Business
Sonargaon University (SU).

Subject: Submission of Internship Report.

Dear Sir,

It's my great pleasure to submit the internship report on "Audit Procedures of a Chartered Accountant Firm: Masih Muhith Haque (MMH) & Co". I made sincere efforts to study related materials, documents, observe operations performed in Masih Muhith Haque (MMH) & Co. and examine relevant records for preparation of the report. I had to put in a lot of effort and hard work to the preparation of this report with the help of all the members of Masih Muhith Haque (MMH) & Co.

Within the time limit, I have to prepare this report as comprehensive as possible. But there may be some error due to various limitations. For this reason, I ask for your kind consideration in this regard.

Sincerely Yours,

.....

Faruk Khan

ID No: BBA2001019160
Program: BBA (Major: Accounting)
Department of Business Administration
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Certificate of Supervisor

This is to certify that Faruk Khan. ID No: BBA2001019160 Program: BBA, Major in Accounting is a regular student of Department of Business Administration, Faculty of Business; Sonargaon University. He has successfully completed his Internship Program at Masih Muhith Haque (MMH) & Co. He has prepared this report under my supervision. His assigned internship topic is an “Audit Procedure of a Chartered Accountant Firm: Masih Muhith Haque (MMH) & Co” .

He is very active, sincere, hardworking and meticulous and possesses a good moral character. I wish his all success at every step of his life.

.....

Mr. Md. Masud Rana

Assistant Professor

Department of Business Administration

Faculty of Business

Sonargaon University (SU).

Student's Declaration

I, Faruk Khan, the student of Sonargaon University, ID: BBA2001019160, would like to solemnly declare here that the presented report of Internship Titled “Audit Procedures of a Chartered Accountant Firm: Masih Muhith Haque (MMH) & Co.” is uniquely prepared by me under the supervision of Mr. Md. Masud Rana, Assistant Professor, Department of Business Administration, Sonargaon University, after completion of internship period in Masih Muhith Haque (MMH) & Co. Chartered Accountants.

I confirm that, the report is only prepared for my academic requirement not for any other purposes and the internship report is submitted in the part of requirement for the completion of the Bachelor of Business Administration (BBA).

I enjoyed preparing this report, which enriched my pragmatic knowledge of the theoretical concept. I am very much glad for giving me the opportunity to prepare this report.

.....
Faruk Khan
ID No: BBA2001019160
Program: BBA (Major : Accounting)
Department of Business Administration
Faculty of Business,
Sonargaon University (SU).

Acknowledgement

Basically I enlarge my thoughtful thanks to the almighty. The supreme and supreme who help me achieve this work on time. I think fulfilled & happy that I have finished this study within exact duration. So this internship report might not at all have been finished without the essential practical knowledge and support of many books and articles and website also primary data. This enlarges my information on employee job satisfaction. Refinement to those entire someone who have assisted me and providing me teamwork and books also articles. So I would like to state my special thanks to my honorable supervisor Mr. Md. Masud Rana, Assistant Professor, Department of Business Administration, Sonargaon University for his encouraging motivation, variety direction, expensive suggestion & advice during my internship time & to organize this report. I was located in Masih Muhith Haque (MMH) & Co. to effort as an intern for three months. All management & member of Masih Muhith Haque (MMH) & Co. were especially helpful. I am deeply indebted near all officials and seniors brothers and sisters of the Masih Muhith Haque (MMH) & Co. for their friendly and sincere co-operation during my organizational attachment period.

Then at last, I shall be grateful to those persons who will read this report and who shall get benefit from this report at present and in future.

Executive Summary

Masih Muhith Haque (MMH) & Co; member firm of RSM Bangladesh, Chartered Accountants is the most reputed and recognized audit quality firm and it provides audit, tax, management advisory services to the business community.

Here this report is titled ‘Audit Procedures of a Chartered Accountant Firm: Masih Muhith Haque (MMH) & Co.’ is a result of BBA internship course. So this report consists the details of the audit procedures followed by Masih Muhith Haque (MMH) & Co. In this report I have divided into five important chapters. In the primary chapter contains the Backgrounds of the Study. That is its origin, objective, methodology and the limitation of the study. In the chapter two, overview of Masih Muhith Haque (MMH) & Co. is given where firm’s strategies, services, activities are also furnished. In chapter three, I have organized and discussed all my knowledge that I have gathered about auditing during my studies at the Department of Accounting; Sonargaon University and practical working experience achieve from Masih Muhith Haque (MMH) & Co. Moreover In chapter three, it has been focused on the details of the overall audit procedures of Masih Muhith Haque (MMH) & Co.

In chapter four, I have shared about my practical experience and my views in CA firm as an intern. Finally chapter five contain the problem so as to I have recognized to carry out audit appointment in Masih Muhith Haque (MMH) & Co. and a few recommendation to reduce such problem also I have drawn an overall conclusion.

In the findings I have found less timing of the audit procedure. In this firm I was involved with audit engagement. My experience was three months but I have identified some problems that firm face in many cases. One of the big problems is rotation from one audit engagement to another very quickly. And they have few times to complete an audit engagement. For that reason it is difficult to obtaining required audit evidence.

In the recommendation, it’s explained that all transaction test is not possible for that reason an auditor choice some transaction for the accurate test. If test is successful then auditor gives their opinion. For the short time audit procedure student fail to follow the overall audit procedure that is followed by Masih Muhith Haque (MMH) & Co.

Abbreviation

MMH	Masih Muhith Haque & Co.
APM	Audit Practice Manual
CA	Chartered Accountants
BTMC	Bangladesh Textiles Mills Corporation
MNC	Multi-National Company
BBA	Bachelor of Business Administration
FCA	Fellow of Chartered Accountants
GAAP	Generally Accepted Accounting Principles
AICPA	American Institute of Certified Public Accountants
ICAB	Institute of Chartered Accountants of Bangladesh
BSA	Bangladesh Standards on Auditing
ISA	International Standards on Auditing
GRA	General Risk Assessment
SRA	Specific Risk Analysis
NGO	Non-Government Organization
LAN	Local Area Network
FCA	Financial Conduct Authority
EPZ	Export Processing Zone
WB	World Bank
BB	Bangladesh Bank
BEDP	Bangladesh Export Diversification Project
USAID	United States agency for International Development
SIBL	Social Islami Bank Limited
BD	Bangladesh
IFRS	International Financial Reporting Standard
ADB	Asian Development Bank
SGFL	Sylhet Gas Fields Limited

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Chapter One

Introduction

1.1 Introduction:

We know internship is a basic part of BBA (Bachelor of Business Administration) program that provides an on-the-job experience to students. Sensational academic knowledge & sensible training is not the same theme. Humorous academic knowledge is fulfilled when it can be used in a practical field. So ambition of placement is to apply one is academic knowledge in practical fields. So Internship is a realistic application of knowledge & acquiring practical experience by wining oneself in several and different sectors of work. For that reason internship program is also include in the curriculum of BBA in Sonargaon University which is undertaken in several organization of the country.

I have also completed my internship program at the Masih Muhith Haque (MMH) & Co. Auditing system occupies an important place in a nation's economy because of its intermediary role; it ensures that companies annual financial statements are fairly presented and at the same time its provide high quality, reliable information in the market and reduces the risk of management bias fraud and error. An audit firm is indispensable in a modern society. It plays a pivotal role in the economic development of a country and establishes policies and procedures to ensure that the firm and all those involved in the audit, act with integrity, objectivity and independence.

1.2 Origin of the Study:

Internship is a mandatory part of BBA program. The most important things that, the university authority has included a three months internship program in the course curriculum after the effective completion of the program where student need to work in any bank, financial institution, small business or any other public or private company related with his selective course work. To comply with this requirement, I have joined in Masih Muhith Haque (MMH) & Co. as an intern student where I had so much opportunity to acquire the practical knowledge on overall procedures of auditing. Gaining a practical knowledge and experience of audit work that is performed in corporations, companies and non-profit organizations.

From the practical knowledge as well as working experience gained from the firm, I have selected my reporting topic "Audit Procedures of a Chartered Accountant Firm: Masih Muhith Haque & Co". The topic was selected with the guidance of the respective supervisor. The

authority of Masih Muhith Haque (MMH) & Co. gave me the opportunity to work at the three months on the topic. My internship honorable supervisor Mr. Md. Masud Rana, Assistant Professor, Department of Business Administration, Sonargaon University approved the topic and authorized me to prepare this report as part of the fulfillment of internship requirement.

1.3 Significances of the Study:

Every Internship report is an essential partial requirement of BBA program. Because of the knowledge & learning become great when it's linked both academic and practical knowledge. By internship program student can create contacts & networking. Contact helps to get a good job in our practical life. Every student prepares themselves for the job market. Low country like Bangladesh has an overwhelming number of unemployed educated graduates. As they have no internship experience, so they have not been able to acquire normal professional experience of establish networking systems.

1.4 Objectives of the study:

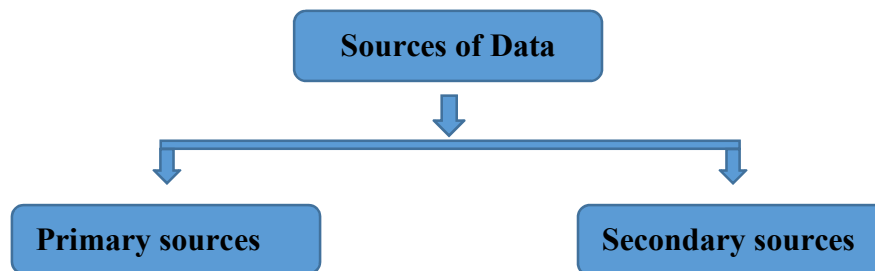
The objectives regarding the study are as follows:

- To investigate the audit procedures followed by Masih Muhith Haque (MMH) & Co.
- To understand the implementations of audit procedures by Masih Muhith Haque (MMH) & Co.
- To analyze the effectiveness of audit procedures of Masih Muhith Haque (MMH) & Co.
- To provide recommendations based on the findings.

1.5 Methodology of the Study:

I have prepared this report on the basis of my experience gathered and from the assistance of our seniors as well as respected sir. I have disclosed my experience and finding in the analysis part by using different charts and tables. The methodology of the study mainly supplies the statistical methodology in collecting data and necessary analysis on different applicable laws and act. The details of the study are described below:

Sources of Data: The data & information of this report have been collected from both the primary and secondary sources. In order to prepare this report I have been collected necessary information from two types of sources as follows:



Primary Sources:

- Collecting primary data by working with several audit teams.
- Discussing with all manager, staff, and partners also articulated students.
- Circulars published by Petrobangla.
- Consideration in objective factory visit.

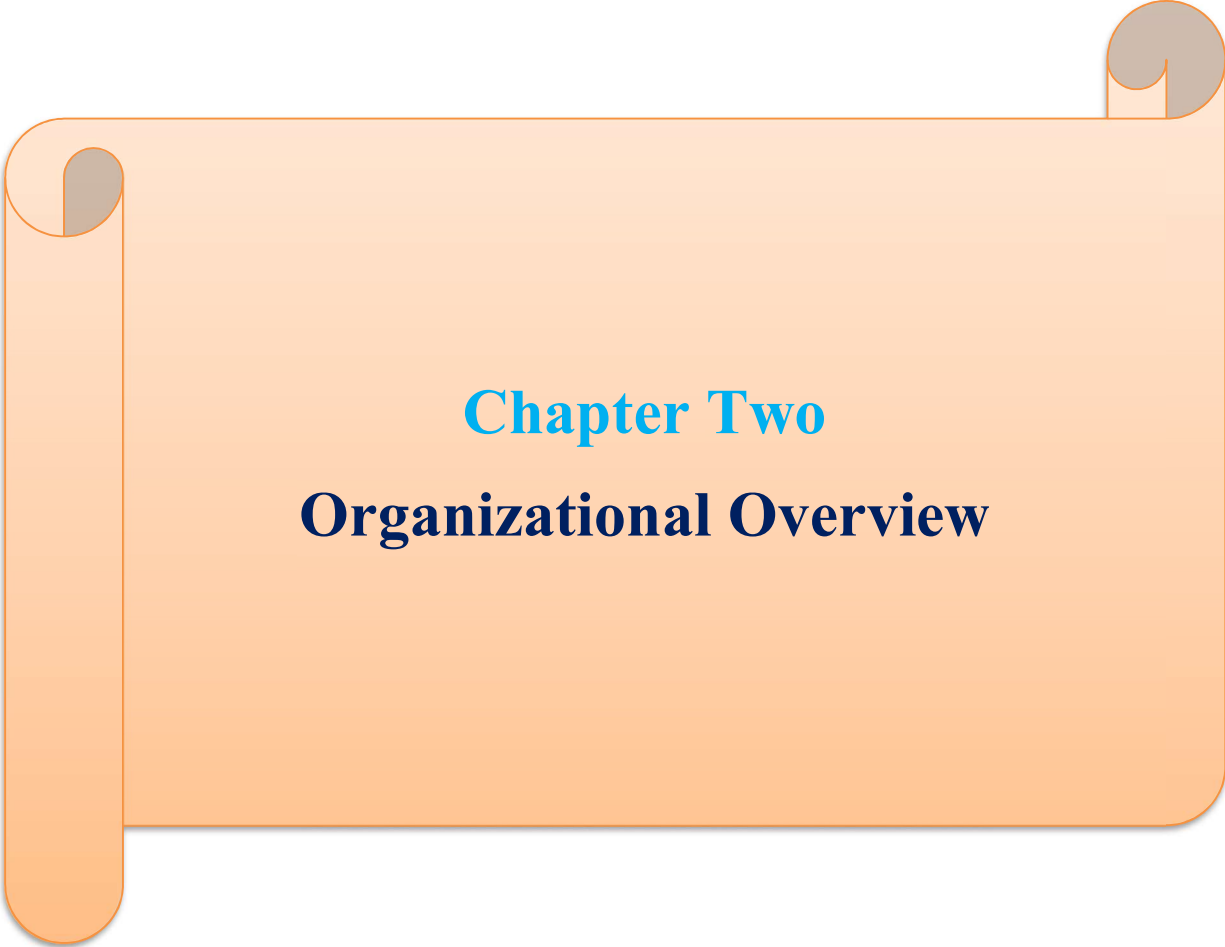
Secondary Sources:

- Studied various accounting books and journal.
- Studied Bangladesh Standard on Auditing.

1.6 Limitations of the Study:

There are three limitations as follows:

- Fitting time was insufficient to cover all data information.
- Each one organization has their own secrecy that is not revealed to others. During collecting the data they did not disclose much information for asked of confidentiality of the organization.
- Besides I have failed to observe application of related laws procedures followed during audit function.



Chapter Two

Organizational Overview

2.1 Masih Muhith Haque (MMH) & Co. Profile:

Masih Muhith Haque & Co (RSM Bangladesh). Chartered Accountants is the most reputed and recognized audit quality firm and it provides audit, tax, management advisory services to the business community.

By virtue of its professionalism it is known as one of the best audit firm of Bangladesh.

Name of Audit Firm	Masih Muhith Haque & Co (RSM Bangladesh).
Established	1985
Office Address	Main Office Level 13, UTC Building 8 Panthopoth Dhaka-1215 Bangladesh Phone: +88-02-8116211, +88-02-48121766 E-mail: info@masihmuhith.com

Branch offices	<p>1. Dhaka (Extension Office) Level-5, H.B Tower Phanthopoth Dhaka-1215 Bangladesh Phone:+88-02-9632278</p> <p>2. Dhaka (Paltan Office) Baitul Khair Building (8th Floor) 48/A-B Purana Paltan House Building Road Dhaka-1000.</p> <p>3. Sylhet Office Protapgor Niloy Mahmudabad, Amborkhana Sylhet-3100 Bangladesh Phone:+88-0821-715685</p> <p>4. Chattogram Al Madina Tower (8th Floor) 88/89 Agrabad C/A Chattogram 4100 Bangladesh Phone: +88-031-71376</p>
Name of the Partners	<ul style="list-style-type: none"> ▪ Masih Malik Chowdhury, FCA ▪ SM Atiar Rahman, FCA ▪ Muraheb Malik Chowdhury, FCA, FCCA ▪ Md. Nazmul Hussain Siddique, FCA ▪ Krishnendu Deb Roy, FCA

Staff Member	Executive Director-01 Director-02 Consultant-03 Audit Manager- 24 Office Manager- 04 Course Complete Student-21 Article student- 180 Articled in Probation- 30 Audit Staff – 10 Office Staff -12
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2.2 About Masih Muhith Haque & Co:



Masih Muhith Haque & Co: (RSM Bangladesh) is a leading Chartered accountance firm in today's Bangladesh. Established in 1985, our journey to date is a mission with 35+ years of enriched experience, during which we have served notable national and international clients operating across a wide

variety of sectors.

Today, we have grown to be one of the largest professional service providers in Bangladesh. From a modest staff force of 4 working from 1 office in Dhaka, today we operate with our current workforce of more than 170 personnel across the country, based in 4 offices across Dhaka, Sylhet and Chattogram.

Led by our Managing Partner Masih Malik Chowdhury, we now in our 4th decade of operation.

At RSM Bangladesh we provide value-for-money services to our clients by efficiently utilizing the correct blend of knowledge, expertise and experience. We deliver solutions keeping in mind the dynamics and competitiveness of today's a business environment, and prioritize client satisfaction with professionalism.

Our team, diversified in terms of Background, expertise and experience, is focused on providing you the best business solutions. We are committed to contributing to the community with our consistent and reliable work practices.

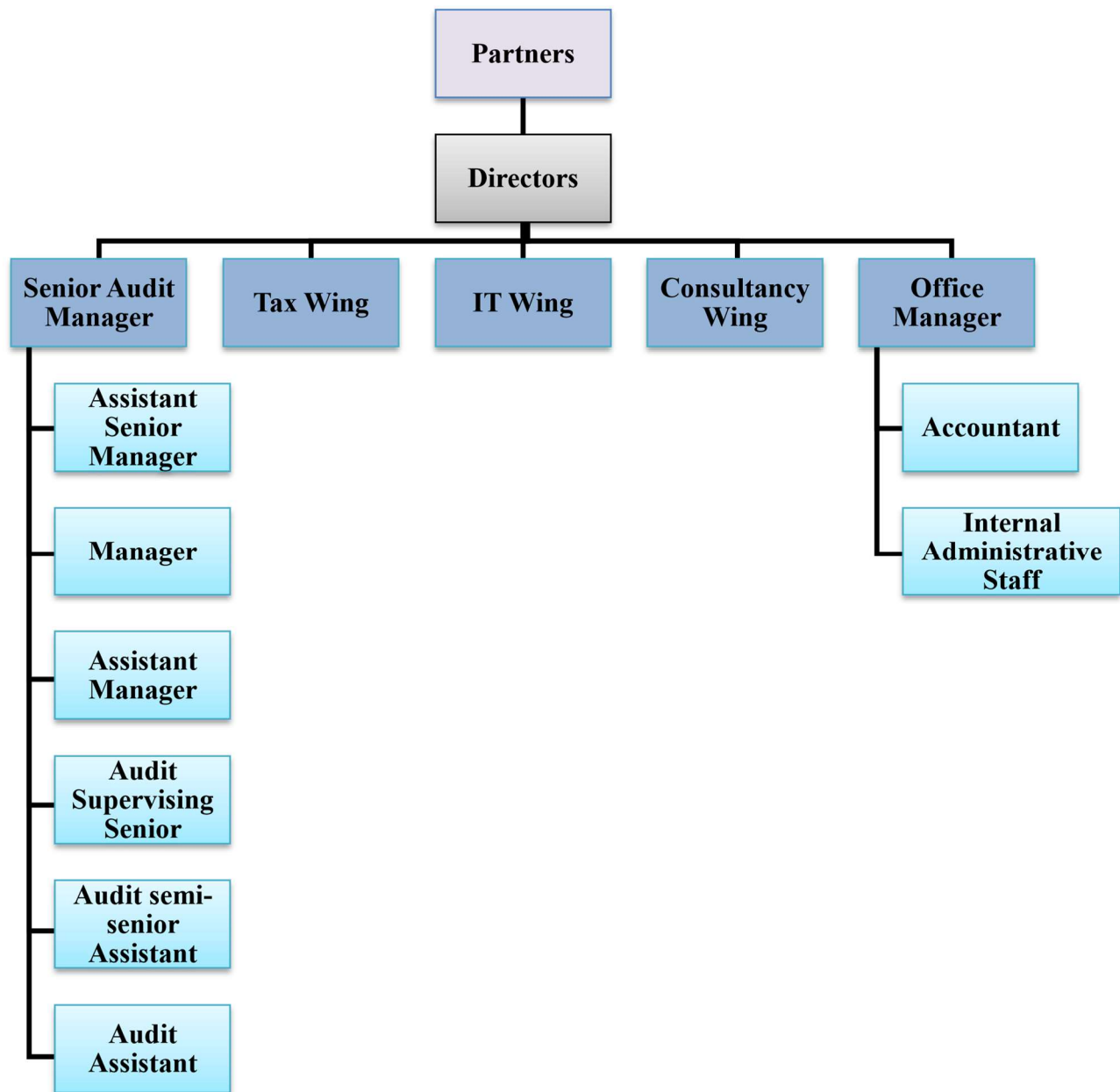
2.3 Corporate Vision of Masih Muhith Haque & Co:

Vision of Masih Muhith Haque (MMH) & Co. is “To have standard of excellence through highly respected broad community of stakeholders and client”.

2.4 Corporate Mission of Masih Muhith Haque & Co:

Mission of Masih Muhith Haque (MMH) & Co. is- To deliver measurable value to our clients through diversified professionals who bring unmatched depth and width of expertise.

2.5 Operation Chart of Masih Muhith Haque (MMH) & Co.



2.6 Core Value of Masih Muhith Haque (MMH) & Co.:

Our values



Integrity

- Respect coworkers.
- Maintain confidentiality.
- Adhere to policies & procedures.



Collaboration

- Share beliefs, ideas and work.
- Achieve goal congruence.
- Ensure client satisfaction.



Development

- Work towards self-development.
- Promote skill development.
- Contribute to community.

EXPERIENCE THE POWER OF BEING UNDERSTOOD

The business world is evolving rapidly. Through advances in technology, communications and infrastructure, business barriers are disappearing and each day we become ever more global.

In this fast-paced environment, you need an adviser that thinks ahead and rapidly responds to your changing needs. At RSM, we build strong relationships based on **deep understanding** of what matters most to our clients. We aim to create a relationship of trust with our clients; client satisfaction is the cornerstone of our ethos. This is reflected in the committed and dedicated service we provide to our clients. An eye for detail and a firm grasp on the bigger picture play a key role in the approach employed by us in assisting you with your business needs.

It is our strong, **collaborative approach** that differentiates us. We will strive to truly understand you, your strategies and your aspirations and endeavor to be considered the adviser of choice to

your business. By sharing the **ideas and insights** of our most senior professionals, we bring our expert local and global knowledge and resources to your environment, so you feel understood and empowered to move forwards with confidence.

This is the power of being understood. This is the RSM experience and our commitment to you.

2.7 Strength of Masih Muhith Haque (MMH) & Co.:

Organizational Strengths are as follows:

- ❖ The partners have wide experience of several years in accounting and consulting profession.
- ❖ Staff retention is high with low turnover.
- ❖ Professional commitment & integrity with code of ethics.
- ❖ More than 170 skills mix professionals of different disciplines.
- ❖ Operating from four locations with full-fledged infrastructure.

Operational Strengths are as follows:

- ❖ Understanding client's needs and requirements.
- ❖ Direct supervision by the partners.
- ❖ Customized approach to each assignments.
- ❖ Complete understanding of national, regional, international and professional requirements.
- ❖ Apply international standard.
- ❖ Regular training and programs on continuous professional development.

2.8 Core Competence of Masih Muhith Haque & Co:

As an organization, Masih Muhith Haque (MMH) & Co. takes pride in maintaining integrity and providing value for money services to its clients. A strong professional linkage with clients is the key to its success and sustainability. The Masih Muhith Haque (MMH) & Co. team consists of professionals of outstanding academic backgrounds with diverse experience gained with international & local exposure. Glimpse of the strength of Masih Muhith Haque & Co:

- ❖ Exhaustive knowledge of corporate governance with social audit skill
- ❖ IT support with LAN
- ❖ Professional commitment
- ❖ More than 170 professionals drawn from different disciplines

Masih Muhith Haque (MMH) & Co. maintains operational efficiency by empowering its employees and encouraging cross functional collaboration, progressive management practice, continuous process improvement & diversity in the workplace.

2.9 Masih Muhith Haque (MMH) & Co. Partners and their Specialized Area:

Partners	Services
Masih Malik Chowdhury, FCA	Audit & assurance, Tax, Consulting, Legal advisory, Specialist services, Risk advisory, Transactions.
SM Atiar Rahman, FCA	Audit & assurance.
Muraheb Malik Chowdhury, FCA, FCCA	Audit & assurance, Tax, Consulting, Legal advisory, Specialist services, Risk advisory, Outsourcing.
Md. Nazmul Hussain Siddique, FCA	Consulting, Risk advisory, Outsourcing.
Krishnendu Deb Roy, FCA	Tax, Wealth management, Legal advisory.

2.10 Services of Masih Muhith Haque & Co:

Chartered Accountant firm provides various type of service to different types of clients which includes government bodies, donor agencies operating in Bangladesh, MNCs , private business enterprise. The services provided by the CA firm are as follows:

<p style="text-align: center;">Audit & Assurance</p>	<p>Statutory Audit/ Annual Audit Special Purpose Audit Negative Assurance Interim Review Internal Audit Operational Audit Corporate Governance</p>
<p style="text-align: center;">Management Consultancy</p>	<p>Project Review Donor Funded Project Management Forensic investigation Management Evaluation Service Training & Capacity Building Evaluation & Monitoring Policy & Procedure Design</p>
<p style="text-align: center;">Beyond Balance Sheet Audit</p>	<p>Customer Satisfaction Audit Share Management Audit Share Logistic Audit Productivity Audit Environmental Audit</p>
<p style="text-align: center;">Fiscal and Taxation</p>	<p>Corporate Tax Value Added Tax Other Indirect Tax Individual Tax Tax Planning & Tax Compliance Tax Due Diligence Fiscal Compliance Audit</p>
<p style="text-align: center;">Business Process Outsourcing</p>	<p>Payroll Management Book-keeping & Accounting Provident Fund Accounting Statutory return preparation & filing</p>

2.11 Role of Personnel:

- ❖ **Partners:** The role of partners is to attract new clients for providing service and sometimes clients also approach to the firm themselves. The partners must make sure that the existing clients are provided the best service.
- ❖ **Audit Managers:** Audit managers must be Chartered Accountant who can assist partners in different way. He/ she should review the audit report before signing the audit report.
- ❖ **Supervisors:** It is not necessary for the supervisors to a chartered accountant. He can also be a course complete student having some experience at the field of accountancy. He is being supervised by the audit manager when and where an audit activity is performed and how it is to be performed.
- ❖ **Senior Student:** An audit senior has some experience in the accountancy field before he/she is designated as the audit senior of the firm. He is under the direct supervision of audit manager and supervisor.
- ❖ **Semi- Senior Student:** A semi-senior student must complete 1 year of article ship in the firm. He is liable to the senior student of the firm when he doing any fieldwork.
- ❖ **Junior Student:** Junior- Students are fresher who have joined the audit firm.

2.12 Important Assignment of Masih Muhith Haque & Co:

Major Assignments of Masih Muhith Haque (MMH) & Co.
Ministry of Health & Family Welfare-GOB / DFID, UK- internal Audit of Health Nutrition & Population Sector Program (HNPSP)
Partners in Population & Development (PPD)-Review & Development of Slandered Operating Procedures Manuals.
NTT DOCOMO. Inc. (DCM) /Aktel- Tax Due Diligence services of Aktel, UNICEF Bangladesh- Training an Harmonized Approach to cash Transfer (HACT)

Global Fund / Ministry of Health & Family Planning & BRAC Bangladesh- Principal Fund Recipients Assessment
Saudi Bangla Industrial Company (SABINCO)- Evaluation of Financed Projects, Financial Portfolio, Financial & Management Audit
Departments of Cooperatives- Simplification & Modernization of Cooperative Audit & Accounting System & Acceleration of Liquidation Process
European Commission- External Assessment of ‘Income & Food Security for Ultra Poor (OFSUP) Project’
Save the Children, USA/ EC- Appraisal of internal control & complaisance on “SHIKHON” project
World Bank/ Local Government Support Project of Ministry of LG & RD- Peer review of 1129 union perished
Grameen Phone Limited- Physical Verification of Network Assets
USAID- NGO Service Delivery Programmed
DFID, UK/ Manusher Jonno Foundation (MJF)
South Asia Enterprise Development Facilities (SAED) / IFC- Establishing new accounting system
Ministry of Commerce / IDA- Services to Bangladesh Export Diversification Project (BDXDP)
Winrock international- Review of financial aspects & task audits
Orascom Telecom Bangladesh Limited, (Banglalink)
Grameenphone, Robi Axiata & Banglalink appointed by BTRC.

2.13 Masih Muhith Haque (MMH) & Co. Clients:

Bank & Financial Institution	Bangladesh Bank, HSBC, Dutch Bangla Bank, Grameen Bank, Dhaka Bank & so on
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Manufacturing	Unilever, Lafarge, Berger Paints, National Tea company, Fisons(Aventis) etc.
Power, Oil & Petroleum	Petrobangla, Padma Petroleum, Titas Gas, Jamuna Oil,Eastern Refinery
Academic Institution	East West University, United International University, Asia Pesific, University Independent University & so on
Airlines & Shipping	Bangladesh Biman, Thai Airway, British Airway, Emirates
Hotel & leisure	Dhaka Sheraton, Pan-Pacific
Trading House & Service	Sonargoan, Gulshan Club
Telecom Sector	Nokia, TECL, BTRC, BTCL, Teletalk
Government, UN Agencies, Development Partners & International NGOs	Ministry of health & family welfare, Ministry of local government, Ministry of commerce, Global fund, World Bank, USAID, ADB & so on.



Chapter Three

Audit Procedures followed by Masih Muhith Haque & Co.

3.1 Audit Procedures followed by Masih Muhith Haque & Co:

Audit procedure of Masih Muhith Haque & Co follows RSM International. Masih Muhith Haque & Co provides most innovative, efficient and importantly responsive auditing and business consultancy services to their client's business needs.

3.1.1 Engagement Procedures: Some letters are exchanged before starting the audit work between Masih Muhith Haque & Co and client. The summary of the letters discussed shortly here under:

In the engagement procedure Masih Muhith Haque & Co faces three kinds of situation- engagement with new client, existing client and directly appointed by the client.

In case of new client: Including acceptance letter of appointment four letters are exchanged between Masih Muhith Haque & Co and Client. Both the client & Masih Muhith Haque & Co follow the following stages:

Stage – 1	Client requires for technical and financial proposal from Masih Muhith Haque (MMH) & Co.
Stage – 2	Masih Muhith Haque & Co sends the technical and financial proposal to the client.
Stage – 3	Letter of Acceptance
Stage – 4	Masih Muhith Haque & Co confirming to work with the client –Letter of Confirmation.

If the clients are already exist: In this case three letters are exchanged between Masih Muhith Haque & Co and Client, such as:

Letter-1	Willingness letter for re-appointment.
Letter-2	Client sends appointment letter.
Letter-3	Masih Muhith Haque & Co accepts this appointment.

In case of directly appointed by the client: In this case client includes all terms & condition in its letter. Masih Muhith Haque & Co accept the appointment when all condition and term favorable to Masih Muhith Haque (MMH) & Co. Then Masih Muhith Haque & Co sends a letter to the client as an auditor.

There are seven steps involved in the RSM International Audit procedures.

Steps are as follows:

Step-1	Identity Overall Goals
Step-2	Gather & Evaluate Initial Information
Step-3	Assess General Risks
Step-4	Assess Account-Specific Risks
Step-5	Develop Effective and Efficient Audit Plan/Work Program
Step-6	Conduct Audit Testing
Step-7	Evaluate and Communicate Audit Results

3.1.2 Identify Firm's Overall Goals: In formulating an opinion the audit team considers these standards:

- First select error.
- Confirm which not regularity.
- Performance & competence.
- Measurement customer value.

Errors: Errors is an accidental misstatement.

- When financial statement are prepared then it's identify mistake in processing accounting information.
- Oversight or misinterpretation of facts because of incorrect accounting estimates arising from

In the time of audit following matter are considered:

- Financial statements are included all transactions and accounts.
- Every transaction & account balance is correctly recorded.
- All particular components are disclosed and properly classified financial statement.

Efficiency: An audit team is responsibility to design an audit procedure. Efficient audit involve:

- Based on the risk assessment design the combination of audit procedures which reduce the risk of hidden material misstatements.
- Every work should be assign to appropriately train.

Client Value: It is an integral part of our audits to provide enhanced value to clients. We develop our audit approach with differentiate from that of other firms. Masih Muhith Haque & Co audit team following:

- Working relationship will be good.
- Simply they understood our customer business.

3.1.3 Gather & Evaluate Initial Information: An auditor first task is to collect important information and then evaluate this information.

- Customer business easily understands.
- Internal control structure considers.
- Customer expectation identifies.

3.1.4 Easily understand the client's business: An auditor need to understand customer business before involving any audit the customer provides us several sources their business information:

- Last year Audited Report
- Board Minutes
- Internal Reports
- Last year's audit Work Papers

3.1.5 Consider internal control structure: Internal control structure helps to the auditor.

- It helps to detect errors and fraud

3.1.6 Identify client expectation: Masih Muhith Haque & Co should identify the client's expectation as external auditor.

Account-Specific Risk Analysis: Data is obtained by General Risk Assessment which is called Specific Risk Analysis.

3.1.7 Develop Audit Plan

- Ensuring that ethical requirements continue to be met
- Ensuring the terms of the engagement are understood
- Establishing the overall audit strategy

3.1.8 Audit Risks: In The risk that the auditors give an inappropriate opinion on the financial statements. We consider following points:

- The nature of substantive procedures
- The timing of substantive procedures and ➤ The extent of substantive procedures.

Illustration of the Interrelationship of the Components of Audit Risk

		Auditor's assessment of control risk is		
		High	Medium	Low
Auditor's assessment of inherent risk	High	Lowest	Lower	Medium
	Medium	Lower	Medium	Higher
	Low	Medium	Higher	Highest

The Above table show how the acceptable level of detection risk may vary based on assessments of inherent and control risks.

Documentation: If during the performance of the audit, fraud risk factors are identified that cause the auditor to believe that additional audit procedures are necessary, the auditor should document the presence of such risk factors and the auditor's response to them.

❖ **Development of Effective and Efficient Audit Plan/ Work Program:** Audit plan is a list of procedures that are needed to be performed to conduct the audit. The plan may also contain the audit objectives for each area and should have sufficient detail to serve as a set of instructions to the assistants involved in the audit. In Masih Muhith Haque & Co, we use audit plan for different types of account head. Audit plans were developed for different types of business and for different types of account heads. Usually an audit plan contains:

- Understand of entity
- Objectives of Audit
- Substantive audit actions.

❖ **Evaluate and Communicate Audit Results:** At the last stage of audit, the audit team communicates the result of the audit to the management and the stakeholders of the company. The audit team issues two types of reports:

- External Report which is commonly known as the "Auditor's report" ➤ Internal Report which is known as "Management Letter".

We therefore have three areas to deal with:

- The unqualified audit report
- Qualifications in audit reports
- The management letter (also known as letter of weakness or letter of comment).

Modified Reports: In addition to unqualified or qualified, we sometimes provide modified audit report. An auditor's report is considered to be modified in the following situations:

Matters that do affect the auditor's opinion

- The emphasis of matter

Matters that do affect the auditor's opinion

- First qualified opinion
- Second disclaimer of opinion
- Last adverse opinion

Matters That Do Not Affect the Auditor's Opinion

An auditor's report may be modified by adding an emphasis of matter in certain circumstances:

- One is a material matter regarding a going concern problem
- Second is a significant uncertainty (other than a going concern problem)

Matters That Do Affect the Auditor's Opinion (Qualifications in audit reports)

A qualification of opinion will generally fall into one of two categories:

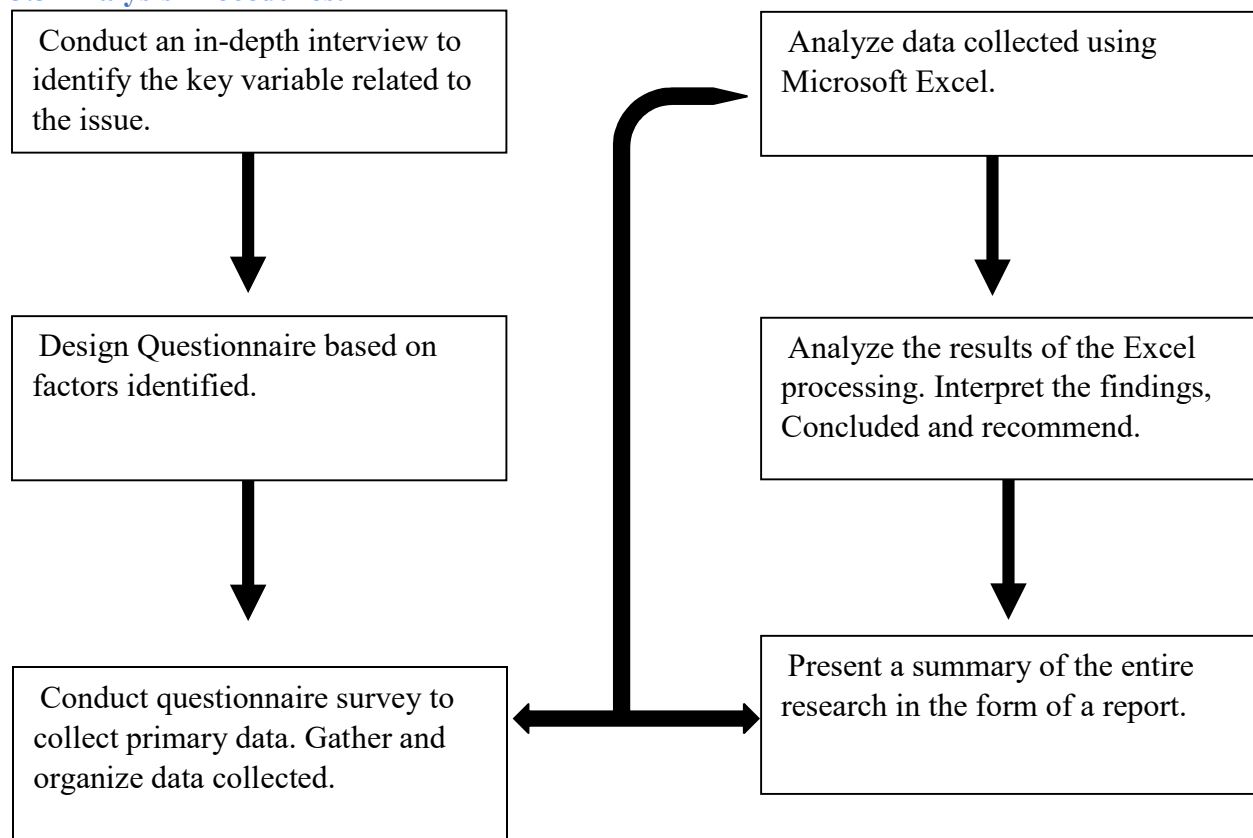
- Where there is an uncertainty which prevents the auditor from forming an opinion on a matter (uncertainty) or
- Where the auditor is able to form an opinion on a matter but this conflicts with the view given by the financial statements (disagreement)

3.2 Analysis of the Effectiveness of Audit Procedures of Masih Muhith Haque (MMH) & Co

Data collection is a primary questionnaire surveys. The Purpose of questionnaire survey are given below:

- ↳ To find out whether Masih Muhith Haque & Co performs sufficiently regarding each factors according to the respondents. Respondents were directly asked whether they think the performance of Masih Muhith Haque & Co is enough or not.
- ↳ Finally, an open related question was asked to find out the overall opinion of respondents about the audit program of Masih Muhith Haque (MMH) & Co.

3.3 Analysis Procedures:



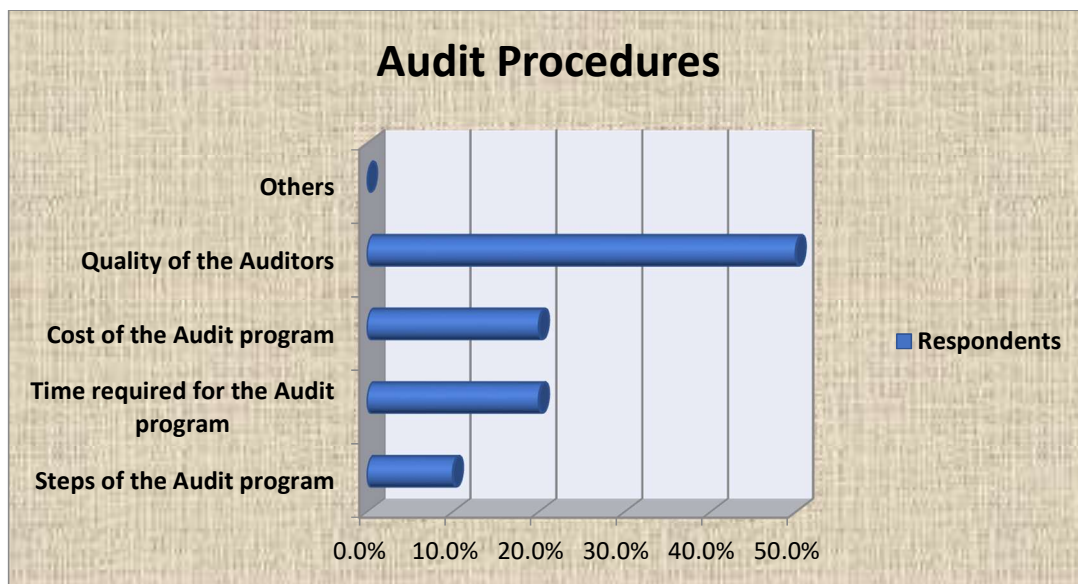
The analysis procedures followed a framework is as shown in the above diagram. This was appropriate to the scenario in question which was regarding the evaluation of the audit procedures of Masih Muhith Haque (MMH) & Co.

3.4 Coding Data: Most of the questions in the questionnaire required respondents to provide nominal answers. Most of the questions were MCQ. So, all MCQ type of questions is assigned a numerical value from 1, 2, 3 etc. The open ended question was not coded as there were many comments about the audit program of Masih Muhith Haque (MMH) & Co.

3.5 Data Summarization: One of the major purposes of the survey is to analyze how the effective audit procedure of Masih Muhith Haque & Co is for the customer companies. Analyzing this accurately it's always better to use different methods and tools. Some methods given below:

3.6 Data Analysis:

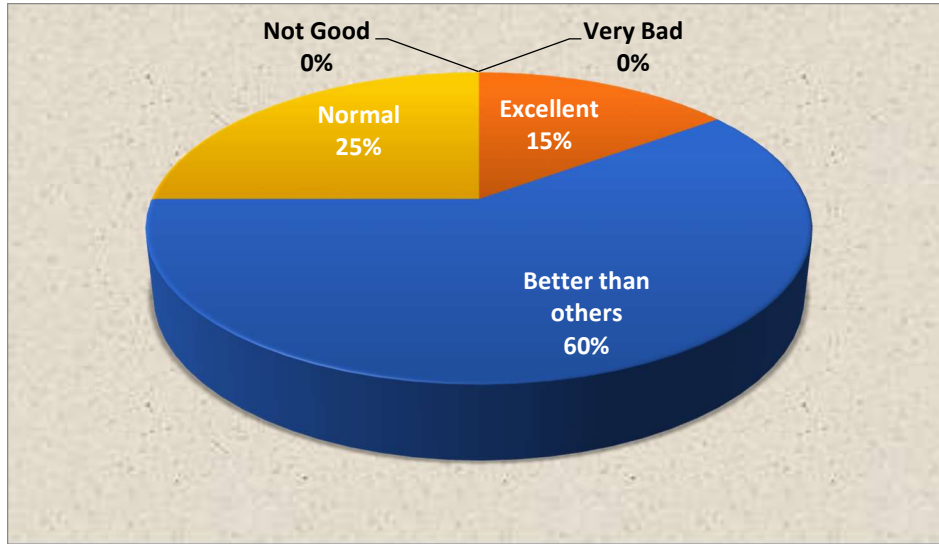
3.6.1 Important factor for effective Audit Procedures:



Interpretation: According to this bar chart, 50 % of the respondents think that “Quality of the Auditors” is the most important factor in an audit procedure. Where, 20 % of the respondents think that “Cost of the Audit Procedures” is the most important factor for an audit procedure. Another 20 % of the respondents think that “Time required for the Audit Procedure” is the most important factor for an audit procedure. Only 10 % of the respondents think that “Steps of the Audit Procedure” is the most important factor for an audit procedure. No respondent think there is any other factor important for the audit procedure.

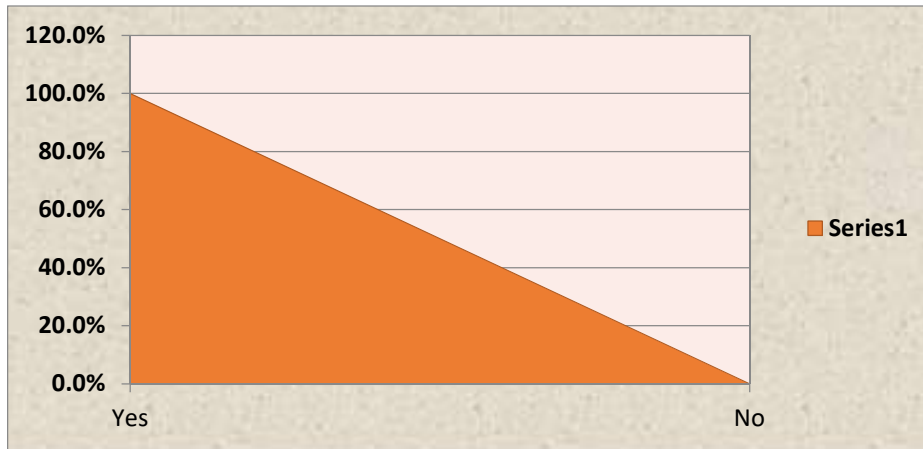
So, according to the most of the respondents, the most important factor in audit procedure is “Quality of the Auditors”.

3.6.2 Steps of the Audit Procedures:



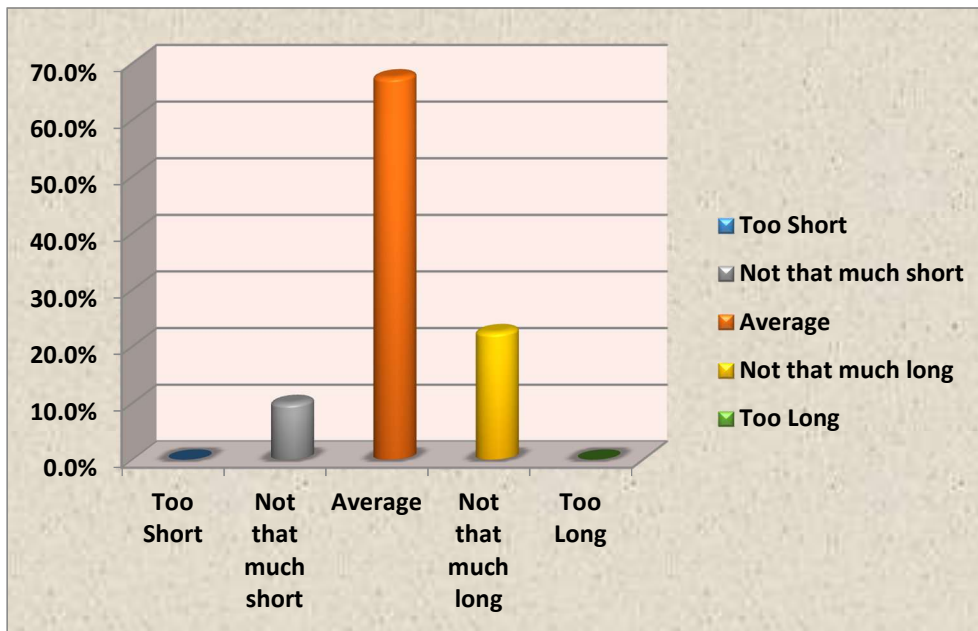
Interpretation: According to this bar chart, 60 % of the respondents think that Steps of the Audit Procedures of Masih Muhith Haque (MMH) & Co is better than others. Where, 25 % of the respondents think that the steps of the audit procedure are normal. Another 15 % of the respondents think that the steps of the audit procedure are excellent. No respondent think that these steps are not good or very bad. So, according to most of the respondents, the steps of the audit procedure are better than others.

Evaluation of Masih Muhith Haque (MMH) & Co. regarding Steps:



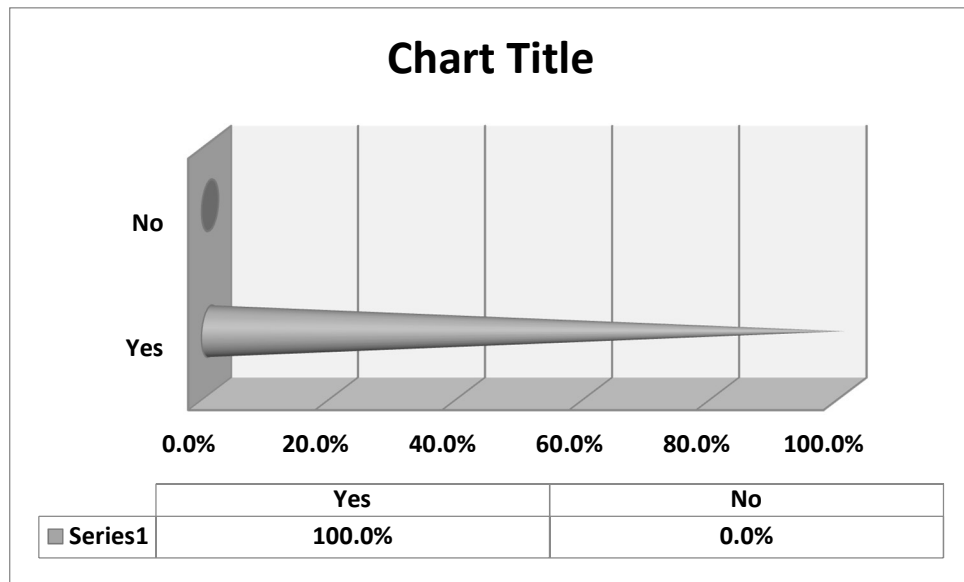
Interpretation: All the respondents agreed that the steps of MMH are effective enough to serve the audit purpose. So, we can summary that most of the respondents think that the steps conducted by MMH are better than others and sufficient enough to serve the audit purpose.

3.6.3 Time required for the Audit Procedures:



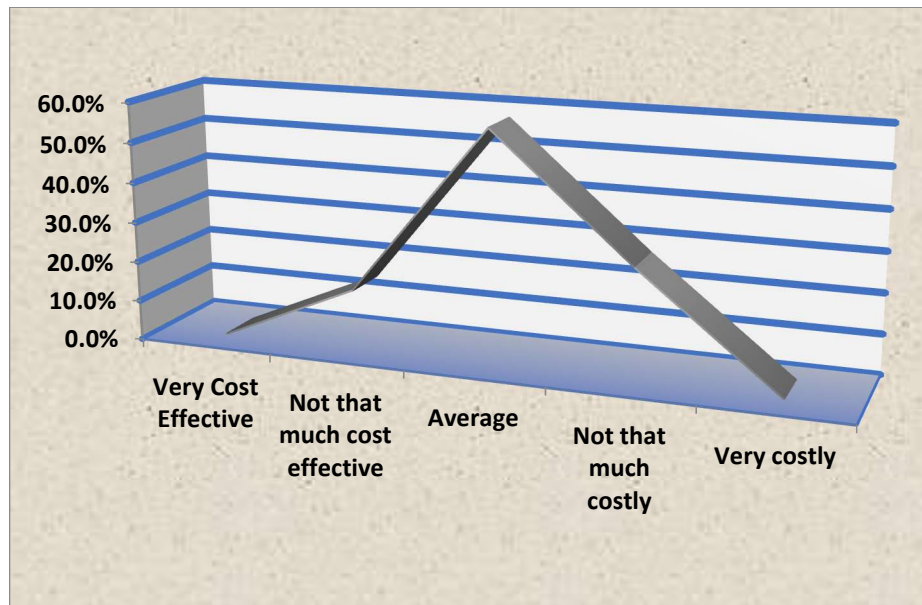
Interpretation: According to this bar chart, 67.5 % of the respondents think that Time required for the Audit Procedure by MMH is average. Where, 22.5 % of the respondents think that it is not that much long. Another 10 % of the respondents think that it is not that much short. No respondent think that the time is too short or too long. So, according to most of the respondents, the time required for the audit procedure is average.

Evaluation of Masih Muhith Haque (MMH) & Co regarding Time:



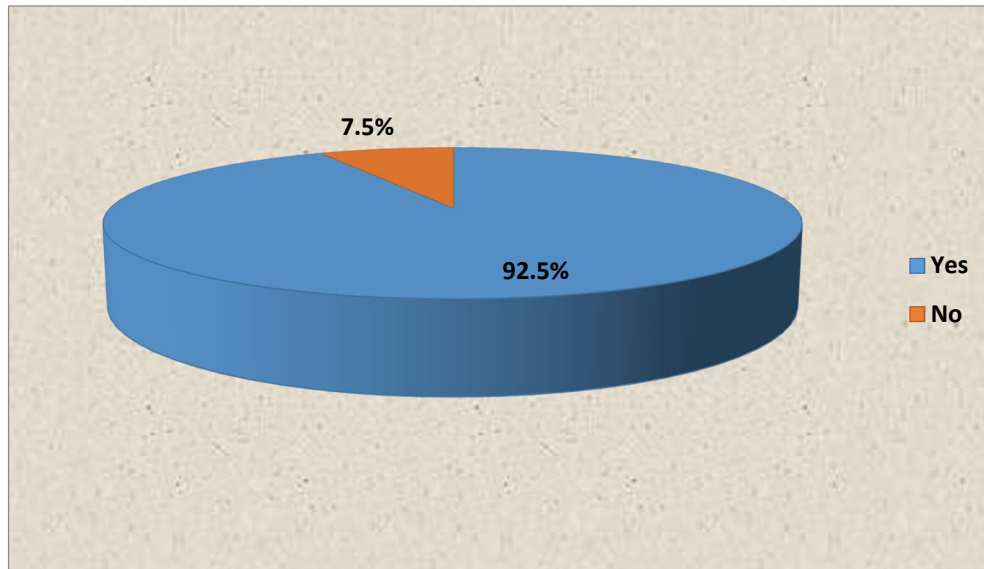
Interpretation: All the respondents agreed that the steps of MMH use sufficient time for the audit purpose. So, we can summary that most of the respondents think that the time required by MMH is average and sufficient enough to serve the audit purpose.

3.6.4 Cost of the Audit Procedures:



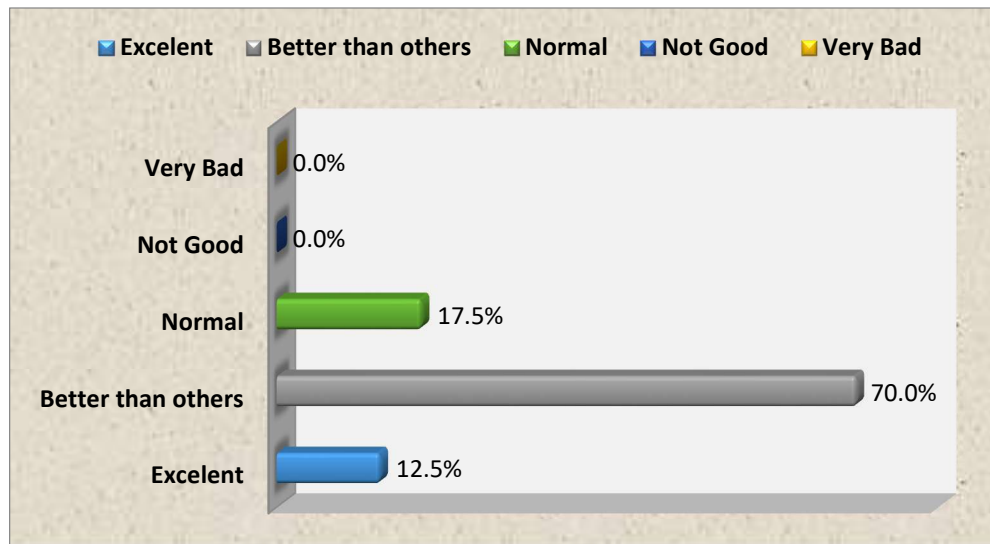
Interpretation: According to this bar chart, 57.5 % of the respondents think that Cost of the Audit Procedure of MMH is average. Where, 27.5 % of the respondents think that it is not that much costly. Another 15 % of the respondents think that it is not that much cost effective. No respondent think that it is very cost effective or very costly. So, according to most of the respondents, the cost of the audit procedure is average.

Evaluation of MMH regarding Cost:



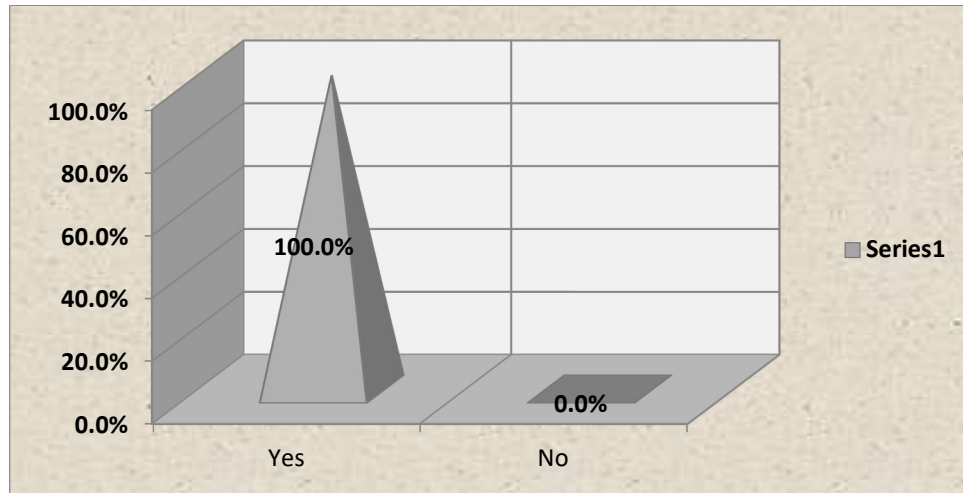
Interpretation: Here, 92.5% respondents said that agreed that the cost charged by MMH justifies their audit service. Where, 7.5% respondents disagreed with it. So, we can summarize that most of the respondents think that the cost charged by MMH is average and justifies their audit service.

3.6.5 Quality of Auditors:



Interpretation: According to this bar chart, 70 % of the respondents think that the quality of auditors of MMH is better than others. Where, 17.5 % of the respondents think that it is normal. Another 12.5 % of the respondents think that it is excellent. No respondent think that it is very bad or not good. So, according to most of the respondents, the quality of the auditors of MMH is better than others.

Evaluation of MMH regarding Quality:



Interpretation: All the respondents agreed that the auditors of MMH are qualified enough for the audit purpose. So, we can summarize that most of the respondents think that the quality of the auditors of MMH is better than others and they are qualified enough to conduct the audit procedure.

Summary: At the present the majority of the respondents think that excellence of auditors is the main driving factor in determining audit procedures. According to major of them the quality of auditors of MMH is better than other chartered accountancy firm and auditors are qualified enough to conduct the audit procedures. In addition MMH had positive rating in almost all other factors.

Therefore, in summary it can be said that, the audit procedures of Masih Muhith Haque (MMH) & Co is statistically proved to be effective for the client companies.



Chapter Four

Practical Experience as an Intern

4.1 Internship Position & Duties:

An internship is work related learning experience for individuals who wish to develop hands on work experience in certain occupation field. An internship is position which always a student to gain professional experience in an occupational area which they are considering. An internship is supervising pre- professional learning experience in which students apply their skills knowledge in professional settings. It provides students with a full and realistic view of workplace, culture and experience.

Internship Position: As an intern I was worked in Masih Muhith Haque & Co, with the senior article students to do statutory annual audit of three months. My internship position was as like as an auditor.

Internship Duties: I have joined in team of 7 members, they deal with the Sylhet Gas Fields Limited (SGFL) for the purpose of statutory annual audit. Masih Muhith Haque & Co was working as an auditor which is assigned by Petrobangla for statutory annual audit.

As an intern, my responsibilities were following:

- Receive file forwarding from Sylhet Gas Fields Limited (SGFL)
- Preparation of the Working File
- Checklist
- Review of the Working File
- Checking various part of financial statements of SGFL
- Partner's Review and Signature
- Input data
- Prepare Land script and Certificate draft

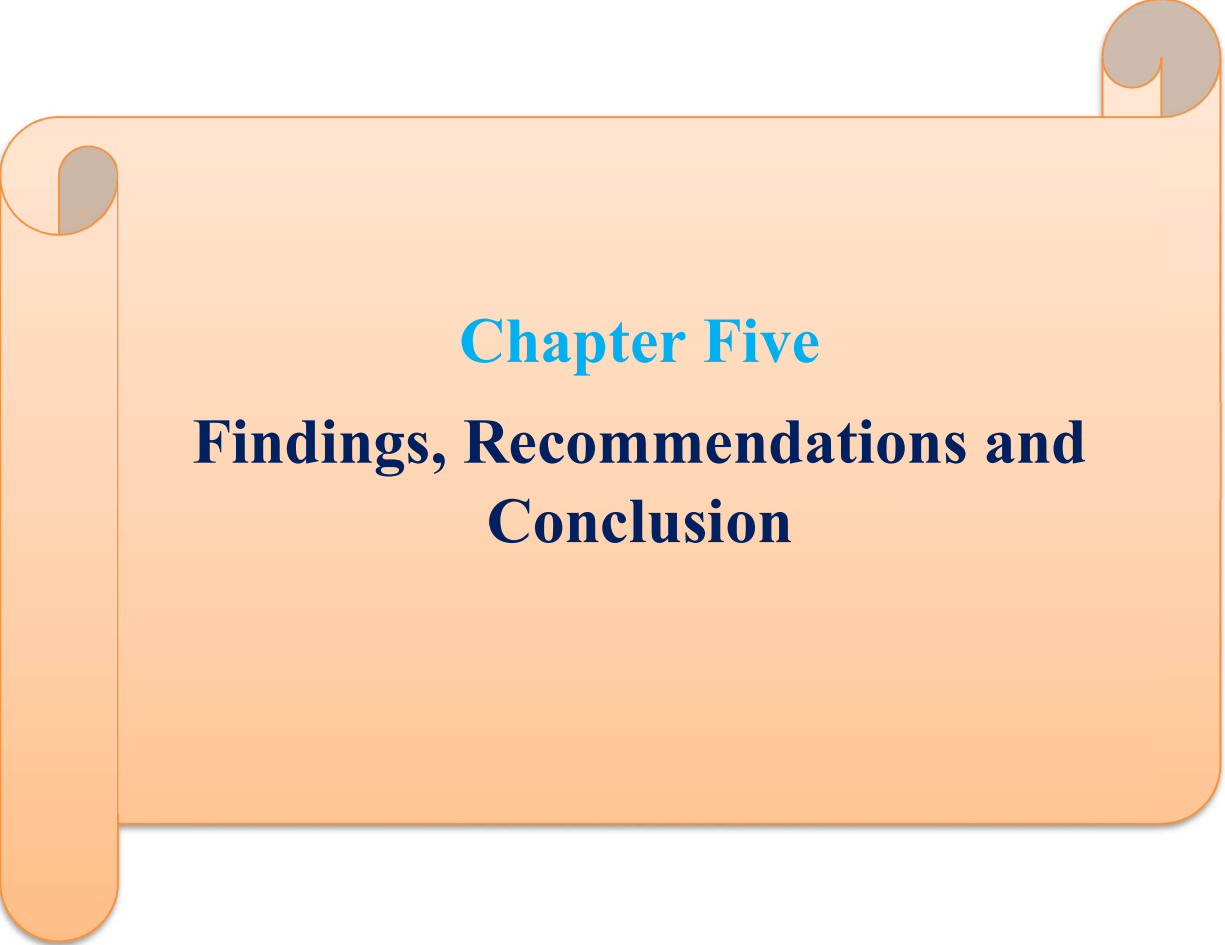
4.2 My Practical Experiences as an Intern on the following tasks

My responsibilities was just to assist in a small and possibly way:

- Making Checklist
- Prepare Queries and send it to the SGFL's management
- Handle the client
- Input data
- Checking inventory counting sheet
- Checking the valuation of inventory, whether the valuation as per IAS 2
- Inspecting physically Non-current assets
- Checking the valuation of non-current assets, whether the valuation as per IAS 16
- Checking the calculation of depreciation
- Checking the SGFL's liabilities items with their supporting documents
- Checking employee's salaries documents with SGFL's bank statements
- Checking revenue items
- Checking purchase items
- Checking provision items, whether they recorded properly under IAS 37
- Examining the research and development expenditure.

4.3 My Observations:

- Meaning and understanding the responsibilities
- Necessity of Commitment
- Accumulated valuable work related skills
- Gained and understanding and become comfortable with professional work environment expectation and social norms



Chapter Five
**Findings, Recommendations and
Conclusion**

5.1 Findings:

- One of the major short-comings of audit procedure is the time limit. Sometimes, clients communicate with the audit firm at the eleventh hour and that creates pressure for the firm to complete the audit procedure and to prepare audit report properly.
- In some cases, juniors are rotated from one audit engagement to another very quickly. One student, involving in one audit engagement, may be called on any time to join in another audit engagement.
- Few times have been given to complete an audit task.
- Sometimes, it is difficult to obtain required audit evidence.
- According to the auditing standard, auditors must maintain independence in issuing the audit opinion and audit report. But sometimes, client tries to influence the issuance of audit opinion.
- Sometimes, partners try to avoid the issuance of a qualified audit opinion to maintain a longer relationship with the client and enforce to issue a modified but unqualified audit report with a paragraph that point out the matters to be emphasized.

5.2 Recommendations:

- All transaction test is not possible, so auditor identifies some transaction for the appropriate test and they gives their opinion on the basis of such transaction. Due to client negligence sometimes they do not provide us the document in due time.
- Because of quick rotation from one audit engagement to another, it is not possible for students to involve with the audit engagement from the beginning to the end. Students fail to follow the overall audit procedures followed by Mushi Muhith Haque & Co. Supervisor of an audit engagement should try to include unoccupied students in his audit team.
- For time limitation we finish the audit engagement and provide audit report very quickly. That reason maintaining quality of audit work is tough.
- Auditors and also audit firm have to face difficulties if fail to issue an appropriate and adequate audit opinion. When the client faces some legal problems, then the audit firm is also considered as responsible for it. Auditors must avoid the influence of the client and

must ensure independence in mental attitude while issuing an audit opinion. Partners of our firm must be strict in issuing an appropriate audit opinion and audit report.

5.3 Conclusion:

Internship is a bridge between theoretical knowledge and practical knowledge. In review this internship has been an excellent and rewarding experience. I have been able to meet and network with so many people that I am sure will be able to help me with opportunities in the future. As an internee of Masih Muhith Haque & Co, I have truly enjoyed my internship. I am confident that this three months internship at Masih Muhith Haque & Co will definitely help me to realize my career in the job market. According to my knowledge Masih Muhith Haque & Co has the financial capability to implement the process of auditing through usage of software. If the organization uses the auditing software they will be benefitted such as reducing manpower to complete the whole audit procedure, providing the client the best possible service in quick span of time, reducing the hassle of excessive paper working file that is being documented while audit procedure. Workstress of auditors will decrease. If this thing continues, I hope that audit procedures of Masih Muhith Haque (MMH) & Co will develop even more in future.

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