



“Auditing in Bangladesh: An Internship
Experience in ACNABIN”



Inspiring Excellence

Internship Report on Auditing in Bangladesh: An Internship Experience in ACNABIN

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ID: 14104057

12th April 2018

Letter of Transmittal

5th April 2018

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Subject: Submission of Internship Report.

Dear Sir,

I would like to thank you for your support and guidance that you provided for this report completion. Without your help, it would have been impossible to complete. Moreover, I would like to acknowledge the help provided by Md. Shif All Mostakin, Deputy Manager, ACNABIN Chartered Accountants for providing immense support during my internship period in the organization.

This has given me the opportunity to explore work activities of audit firms of Bangladesh. The report contains the working procedure of Chartered Accountants. I have tried to collect relevant information to make my report as analytical and reliable as possible. I have gathered huge practical knowledge and experience during my report preparation, which will definitely help me in my professional life.

I, therefore, would really be grateful if you enlighten me with your thoughts and views regarding the report. Thank you again for your support and patience.

Yours Sincerely,

Raisa Mehbuba

ID: 14104057

BRAC Business School,

BRAC University

Letter of Endorsements by the Supervisor Faculty

This is to certify that Raisa Mehbuba, ID.14104057, a student of BRAC University of BRAC Business School has completed the internship report titled “ Auditing in Bangladesh: An Internship Experience in ACNABIN”, under my supervision. Her internship placement was at ACNABIN Chartered Accountant Firm. I am pleased to state that she has worked hard in preparing this report and she has been able to present a good picture of the concerned organization. The data and findings presented in the report seem to be authentic.

I wish her every success in life.

.....

Mr. Shamim Ahmed

Senior Lecturer

BRAC Business School

BRAC University

.....

Md. Shif All Mostakin

Deputy Manager

Audit & Consultancy

ACNABIN, Chartered Accountants

Acknowledgement

It has been a very special experience working for 12 weeks in a reputed chartered accountancy firm like ACNABIN, where I got full opportunity to blend my 4 years of university knowledge with the practical field.

My sincere gratitude goes to respected supervisor faculty Mr. Shamim Ahmed for all his help and guidance during this period. He has been supportive and gave his valuable advises on how I could improvise my report.

I convey my utmost appreciation to Mr. Shif All Mostakin, Deputy Manager, ACNABIN Chartered Accountants for his supervision and guidance throughout my internship period. I thank him for his constant support. It would have been impossible for me to keep the confidentiality of my client intact and doing the report without his help.

In addition, I thank two of my job in charges Mr. Bidhan Dey and Mr, Kawsar Sikdar for their support during the preparation of internship period. My successful completion of internship program in ACNABIN, Chartered Accountants would not have possible without the help of these kind-hearted people.

Finally, I thank BRAC Business School and Office of Career Serviced and Alumni Relations (OCSAR) for giving me the chance to develop my skills by this practical experience.

Executive summary:

This report titled ‘Auditing in Bangladesh: An Internship Experience in ACNABIN’- is written to represent the 12 weeks of internship program done in ACNABIN Chartered Accountants. This report is a blend of the knowledge of undergrad program and the experience of the practical field. On the very first part, there is the description about the audit process in Bangladesh. Here there are two parts, one describes audit and the other one is all about the audit practice in Bangladesh according to the Audit Practice Manual (APM). All the stages followed for audit in Bangladesh are discussed. The second part of the report is about the firm where I worked. ACNABIN is an independent member of an international body, so the processes are a bit different and properly presented. However, the total idea of audit is same in both cases. Final part of the report is about the work experience at Partex Star Group Limited that was my client for the 12 weeks. In this part, I have tried to bring the steps related to Audit Practice Manual (APM) and discussed few issues I was permitted to disclose only. This part also has the lessons I learned and the responsibilities I had to fulfill during the audit.

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1. Introduction

University is known to be the highest platform for gaining knowledge. It helps to explore the field; a student wants to study in and gives an opportunity to take the experience of that practical field. Practical field knowledge is also known as ‘internship program’ of university. Internship is a very good way for a student to test the way he or she has chosen for future career. Anyone can definitely change their field in post-graduation stage if this experience does not match with their desired goals.

I have always wanted to pursue Chartered Accountancy after completion of my undergrad. Therefore, working in ACNABIN has helped me to explore the field before get into it. This internship report gave me an opportunity to observe and perform the audit procedures.

I joined as an intern of ACNABIN and was assigned as an external auditor for the management audit of Partex Star Group.

1.1 Rationale

Chartered Accountancy has always been a valued profession for the business students. Very few students are interested and come to explore this field. The economy of Bangladesh is growing tremendously which has led the country to be listed as the developing country by United Nation's Committee for Development Policy (CDP) (Huda, 2018). This has increased the need for Chartered accountants more. Moreover, this profession gives the opportunity to know business from the core and so my interest was always there.

As an intern, I got the opportunity to know how the audit mechanism works in Bangladesh and experienced the work of a very reputed manufacturing organization closely. I could relate the processes with the classroom knowledge; also, I was introduced with different practices, which were yet to know. On the other hand, Internship program of the university is an integral part of the BBA program. To minimize the gap between theoretical knowledge & practical field a student is required to work on a specific topic acquired during the period of the internship program.

It is obligatory to undertake such task by the students who want to complete their BBA degree successfully. The importance of this issue in these days and the requirement of my course completion lead me to conduct this.

1.2 Background

12 weeks of internship program is mandatory to complete the undergrad degree from BRAC Business School. This report is an outcome of the three-month long internship program conducted in ACNABIN, one of the reputed CA firms of the country .While working in the ACNABIN I was assigned to the Partex Star Group for management audit. There I have observed and understood many procedures and process of four different concerns of my client. However, I had to maintain the confidentiality of the client. Therefore, I decided to do my report on the basic mechanism of auditing practiced in Bangladesh what I get to know through ACNABIN.

1.3 Objectives

There are mainly two objectives behind the preparation of this report such as primary objectives and secondary objectives. They are discussed below:

The Primary Objective:

The primary objective of preparing this report is to fulfill the partial requirements of the undergrad program.

Secondary Objective:

The secondary objectives are given below:

- i. To blend the knowledge gained in the classroom with the practical field.
- ii. To know the basic process of auditing in Bangladesh, through ACNABIN.
- iii. To evaluate the set of audit work done in management audit.
- iv. To identify about how to accumulate and process evidences to make an audit report.

1.4 Methodology

This report mainly endeavors to show qualitative data that are relevant to serve the objectives of the report. Data have been gathered from primary source, basically, from ACNABIN. The data collection and inclusion had been conducted by careful review of relevant documents that are available in ACNABIN and permissible for usage. Articles, journals, various study materials, newspaper reports, internet, interview of managers and Client's staff, discussion with teammates

have assisted in preparing this report. Other than this, the Bangladesh Standards on Audit (BSA), International Standards on Audit (IAS), Partex website, ACNABIN website were used as resources.

1.5 Limitations of the Project

I have tried to enrich and complete this report although there are some limitations faced:

- Not being involved with the activities of ACNABIN regarding Partex Star Group Ltd. from the beginning.
- Lack of knowledge about the manufacturing sector of Bangladesh.
- To understand all the clauses of engagement, a good knowledge on legal affairs, income tax and VAT were necessary.
- Time was also a limitation. Gathering a huge amount of information during working for only three months was really a difficult job.
- Firm's Code of Conduct In order to maintain the firm's secrecy and confidentiality the firm restricts its information, which did not allow me to provide in-depth information of the firm's audit procedure.

2. Audit Procedure in Bangladesh

2.1 General Definition of Audit

The International Auditing Practices Committee (IAPC) of International Federation of Accountants (IFAC) defines audit as:

“The independent examination of the financial information of any entity, whether profit oriented or not, and irrespective of its size, or legal form, when such an examination is conducted with a view to expressing an opinion thereon. The term financial information encompasses financial statements”.

2.2 Regular audit practice in Bangladesh

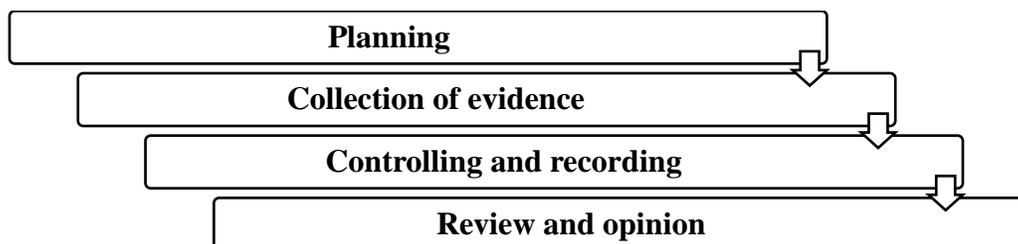
Audit is a systematic process, which is more or less same in every country. The basic differences are in the rules and regulation that every country has to follow not in the steps taken to conduct audit. There are various types of auditors, for example: internal, external, government and forensic auditor and according to the engagement the works differ.

Auditor has to gather auditing evidence to evaluate the reliability of the accounting records. He has to judge whether the information presented is logical and reasonable. Examples of auditing procedure can be, checking the raw material buying process of the company, how the company maintains the payables and receivables accounts, internal control system of the concerns etc.

2.3 Audit Process by ICAB

Institute of Chartered Accountants of Bangladesh (ICAB) is the regulated body for the audits in Bangladesh. Audit Practice Manual (APM) is known to be the bible for auditors. Everything is written in the manual and auditors have to follow that. Audit procedure is summarized in a part of APM. It describes four steps. They are discussed below:

Figure 1: Audit Steps



2.3.1 Planning

Planning is the key factor for audit. In most of the time, auditors forget to do some checking what they have not planned. Moreover, an audit might take too long to complete if it is not properly planned. According to the International Standard of Auditing 300, audit has to be planned. In Bangladesh, Bangladesh Standards of Audit (BSA) is followed which has compliance with IAS. According to the Audit Practice Manual of Bangladesh, planning helps the auditor to:

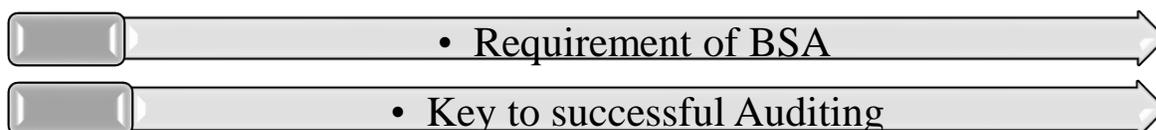
- Allocate proper time and budget needed for audit.
- Accurately organize and accomplish the audit engagement by dividing the work among the engagement team members according to their skills and competence.
- Identify audit risks.

Bangladesh Standards of Auditing (BSA) also emphasizes the importance of standard documentation for clients planning memorandum. Planning memorandum is prepared according to the envisaged audit strategy and is based on cumulative audit knowledge and experience as well as important matters, which have been brought to the attention of the auditors. There are other information's also which is provided under planning documentation. Planning document includes about the company and its business.

- What the entity does?
- How it conducts its business?
- What are the risks and where?
- How the auditors are going to audit the company?

Reason for planning:

Figure: 2 Planning reason flowchart



Factors of planning:

2.3.1.1 Assessment of risk and materiality

Risk and Materiality is the 1st step of planning. They are the two principal procedure of planning.

Risk:

The two important risks in Bangladesh Standards on Auditing (BSA) are:

- **BSA 315:** Understanding the entity and its environment and assessing the risks of material misstatement;
- **BSA 330:** The auditor's procedures in response to assessed risks.

These BSAs are more demanding than the previous standards to understand the depth of client's systems and operation.

The nature of risk:

Audit risk may arise from the business environment in which the entity operates. It may arise from the operation of the entity's control system or from the failure of audit procedures including the sampling risk. The third component cannot be eliminated. Sampling risk will always be there. However, the purpose of the manual is to minimize that. There are few types of risks found, which are: Business risk, Audit risk, Inherent risk, Control risk, Detection risk.

Materiality:

According to the IASB 'Framework for the Preparation and Presentation of Financial Statements' materiality is,

'Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful'.

Materiality affects audit work in two ways.

1. It is one of the factors, which influences the nature, and extent of the tests of detail.

2. It influences decisions as to whether or not an auditor should seek adjustment for actual and projected errors and for assessing the significance of areas of disagreement on judgmental matters.

Accounts that are free from ‘materiality’ are considered ‘true and fair’. In general, the level of materiality is relative to the size of the business. However, some items might be material by their nature, regardless of magnitude.

So, in this stage of audit process all planning are done keeping the risk and the materiality issue in mind.

2.3.1.2 Analytical review

Bangladesh Standards of Audit (BSA) 520.2 states that the auditor should apply analytical review procedures as risk assessment procedures to obtain an understanding of the entity and its environment and in the overall review at the end of the audit.

Analytical review may be relevant to three distinct but interrelated stages of the audit:

- The planning stage;
- Extensive analytical review as a substantive test, and
- The final stage – as part of the critical review of accounts.

According to the Audit Practice Manual, these separate stages should not be considered to be mutually exclusive, but part of a continuous process of review.

2.3.1.3 Test of control

Bangladesh Standards on Auditing (BSA) has made it mandatory to do the test of control. It is required to check the internal control system of the client. For doing a plan, the test controls are also considered. According to Audit Practice Manual the reason for test controls are:

- ✓ As part of understanding the entity and its environment, it is a requirement to evaluate the design and implementation of all controls relevant to the audit.
- ✓ Evaluating the design and implementation of controls requires more than just enquiry; further work such as inspecting documents or tracing transactions through the system is required.
- ✓ Testing of the operational effectiveness of internal controls (compliance testing) is mandatory where: the risk assessment includes an expectation that controls are

operating effectively, or substantive tests alone do not provide sufficient evidence of their operation.

2.3.2 Collection of Audit evidence

2.3.2.1 Audit Sampling

According to the Audit Practice Manual, The question of how many items to test has always been a debatable subject. It is far better to design tests directly relevant to the client rather than to merely 'fill in the forms'. Tailoring or drafting of programs using the APM as an aide-memoire is therefore encouraged. Clearly, any sample must be representative of the whole population and it must be sufficiently large to enable credible conclusions to be formed.

The exercise of judgment must ultimately determine the sufficiency of sample sizes. The use of inherent risk factors, materiality and population characteristics may give a useful theoretical starting point but ultimately judgment must prevail. The standard risk model does at least provide a benchmark against which to assess the reasonableness of your judgment.

2.3.2.2 Evaluation of errors

According to the Audit Practice Manual (APM), Errors found in the performance of audit tests must be evaluated to determine their impact on the population being tested and on the accounts as a whole.

Evidence suggests that, at times, auditors have difficulty in making this evaluation.

2.3.3 Controlling and Recording

This part of audit is nothing but the application of the planning stage. This is the core fieldwork stage where all the assessments and the other aspects are considered. The evidence collected are evaluated based on these assessments and then recorded. The risk assessments and other factors are given below:

2.3.3.1 Assessment of risk and materiality

Risk Assessments:

There are two types of risk assessments found in Audit Practice Manual. They are:

- **General risk assessment:** General risk mainly comes from the commercial and regulatory environment of the entity. It is affected by the integrity of the management and the business

risk too. This assessment should assist in determining the riskiness of the engagement as a whole.

- **Specific risk assessment:** According to the Audit Practice Manual two objectives of the specific risk assessment are:
 - It may be used in the context of the very small company to assess the extent to which the full audit program approach can be foregone in the particular circumstances of the audit in question. This approach must always be documented and justified, not simply applied without reason; and
 - It may be used to pull together the various risks and consider their overall impact on a particular area of the financial statements. This helps to concentrate the audit work on areas of audit significance, ensuring that the bigger picture is not lost through concentration on individual risks.

Materiality:

Determining materiality:

A guide for determining the level of materiality is set out below. It is guideline only. The level of materiality is a matter for professional judgment.

TK.	Profit before taxation parameters	Turnover and total assets parameters
0-5 Crores	10%	3.0%
5 Crores 1 to 10 Crores	10%	2.5%
10 Crores 1 to 20 Crores	10%	2.0%
20 Crores 1 to 56 Crores	10%	1.5%
Over 56 Crores	10%	1.0%

Other facts:

2.3.3.2 Reliability factor

According to the APM, The standard model used in this manual can be expressed as:

$$\text{Sample size} = \frac{\text{Population value minus Items above Tolerable error minus Key items}}{\text{Tolerable Error}}$$

i.e.

$$\text{Sample size} = \frac{\text{Adjusted Population Value}}{\text{Tolerable Error}}$$

By using the normal distribution, it is possible to express confidence in sampling results in the form of risk factors. The reciprocal of a risk factor is a reliability factor and these form the basis of the sampling method. When sampling is undertaken, the factor relevant to the particular audit test should be recorded on the relevant sample selection planning form. The reliability factor will then be multiplied by a quotient dependent upon whether tests of detail only or tests of detail plus analytical review and/or compliance tests is to be undertaken. The multiple is also different for balance sheet and profit and loss account testing. Details of the multiplier that affects the reliability factor are given on the sample selection planning forms.

2.3.3.3 Vouching the total population

According to the Audit Practice Manual, It may be that a total population is tested in the audit of very small companies. For example, it may be that a very small company has 12 invoices a year and that it has been decided to examine all 12.

The inherent risk assessment will not be applied, and would make no difference, in these circumstances. The general risk assessment must still be considered because the vouching of all 12 invoices cannot, on its own, provide all the audit evidence that we require forming a reasonable conclusion that all income has been completely and accurately recorded in the company's accounting records.

2.3.3.4 Accountancy work and audit testing

According to the Audit Practice Manual, Assuming that the ethical issues have been properly addressed, it may be possible to use audit evidence derived from work carried out in the preparation of the accounts. Such accountancy works must have been properly planned with specific audit objectives in mind, been properly controlled and recorded and subjected to adequate review.

In such circumstances it may be that sufficient audit evidence can, in respect of certain assertions, be obtained to obviate the need for further detailed testing.

Remember, however, that such audit evidence will not provide evidence of, for example, completeness, continued existence or title, thus still requiring top up audit work to be done.

2.3.4 Review and opinion

This is the final most stage of the audit procedure. Here, the full report is discussed with the management and they give their feedbacks. Some observations might be disclosed because of this discussion. After this, partner of the Chartered Accountants deals with the overall audit and form an opinion. According to the Audit Practice Manual, some example for checklist can be as follows:

Partner completion Audit completion Audit standards review questionnaire Internal control system questionnaire Critical review of accounts questionnaire Justification of audit report etc.

The first task of the auditor is to get answer about the review checklist. If the answers satisfied the audit team and partners, they may form unqualified opinion about the client. In other cases, they may opinion other than unqualified opinion.

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

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

3. ACNABIN

3.1 Profile

Name of the firm	: ACNABIN <i>Chartered Accountants</i>
Date of registration	: 15 February 1985
Mailing Address	: BDBL Bhaban (13th Floor)
Telephone, Fax & E-mail	: 12 Kawran Bazar C/A, Dhaka-1215 Bangladesh Phones : (880-2) 8144347-52 Fax # : (880-2) 8144353 E-mail : acnabin@bangla.net Web: http://www.acnabin-bd.com
Branch Office	: House # 734, Road # 26 CDA Residential Area, Chittagong.

Name of Partners

Name of Partners, their education and qualification	
ABM Azizuddin B.Com. (Hons). M. Com., FCA (ICAB Registration # 46)	M. Moniruzzaman B. Com (Hons), M.Com., FCA (ICAB Registration # 787)
Iftekhar Hossain B.Com., FCA (ICAB Registration # 150)	Md. Rokonzaman M.Com., FCA (ICAB Registration # 739)
Abu Sayed Mohammed Nayeem B.Com (Hons), M.Com, M.Sc (UK), FCA, FCCA (ICAB Registration # 353)	Md. Mominul Karim B.Com.(Hons.), M.Com., ACA (ICAB Registration. # 934)
Mohammad Nurun Nabi B.Sc., FCA (ICAB Registration # 370)	Md. Reajul Islam B.B.M (Mysore University, India), ACA (ICAB Registration # 1111)
ATMA Bari, FCA, FCEA(london) ICAB Regn. # 423	Muhammad Aminul Hoque BBA, MBA (DU), ACA (ICAB Registration # 1129)

3.2 Vision

Vision of the firm is- “We go beyond the traditional auditor and client relationship by becoming your Trusted Business Advisor.”

3.3 Mission

ACNABIN’s mission is- “We adhere to the strictest principles of client confidentiality. The sensitive and competitive nature of proprietary information and the maintenance of trust-demand it. We have built our success on such principles. We do our utmost to earn-and keep-client trust.”

3.4 Values

ACNABIN follows the values of their affiliated network Baker Tilly. According to their profile manual, it is stated that “Our culture 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.

We are passionate about helping our clients, while at the same time developing our people’s potential.”

3.5 Affiliation/Association

International Auditing/Accounting Firm ACNABIN is an independent member of Baker Tilly International, 8th largest network in the world with 145 independent member firms in 110 countries. It is enlisted with USAID, EC and CIDA from 1993. It is also enlisted by the United States Office of Regional Inspector General/Audit Singapore to perform financial audits of USAID fund recipients in Bangladesh. In addition, the European Commission and Canadian International Development Agency has enlisted it to conduct financial audit of the recipients of their fund. Other former relationships with International Accounting Firms are:

- a. Formerly associated with ASNAF-ASEAN Accounting Firms, Singapore since 18 February 2003 to 2010.

b. It was an authorized representative firm of former Andersen SC until July 2002.

Collaboration with other consulting firms ACNABIN has been able to establish close working relationship with many national and international consulting firms in Bangladesh through its efficient and dedicated services. ACNABIN has thus enriched its professional base for serving the clients' interest in the best possible manner.

3.6 Service Offered

ACNABIN provides quality services to a diverse and wide range of clients in the private and public sectors in Bangladesh. It also provides services to international development agencies and expatriate consultants working in different projects. The services are:

➤ Audit & Assurance

- ✓ Statutory audit
- ✓ Internal audit
- ✓ Special audit
- ✓ Cost audit
- ✓ Compliance audit
- ✓ Forensic audit
- ✓ Management audit
- ✓ Performance audit
- ✓ Forensic audit
- ✓ Interim audit
- ✓ Review engagement
- ✓ NGOAB audit
- ✓ Donor audit

➤ Tax and legal advice

- ✓ Corporate & individual tax planning
- ✓ Personal Income Tax
- ✓ Deferred tax computation and application
- ✓ Indirect tax
- ✓ Tax investigations
- ✓ Capital gain tax
- ✓ Designing VAT Management System and Compliance Audit
- ✓ Tax compliance and preparation of various tax returns
- ✓ Assistance in handling queries & requests for information from tax authorities
- ✓ Tax assessments and appeals

- ✓ Preparation of income tax returns
- ✓ Import Duty and Customs cases
- ✓ Inheritance tax planning
- ✓ International tax services
- ✓ Tax effective remuneration planning
- ✓ Tax investigations

➤ **Advisory**

- ✓ 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;
- ✓ 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.

➤ **Consultancy**

- ✓ Management Accounting Services
- ✓ Management Consultancy
- ✓ Structured financing advisory
- ✓ Business planning and project feasibility studies
- ✓ Standard operating procedures (SOP)
- ✓ Fixed assets management
- ✓ Accounts receivables management
- ✓ Payroll management
- ✓ Project appraisal
- ✓ Inventory Management
- ✓ Performance measurement

- ✓ Business Valuation
- ✓ Process Improvement Services
- ✓ Cost Management Services

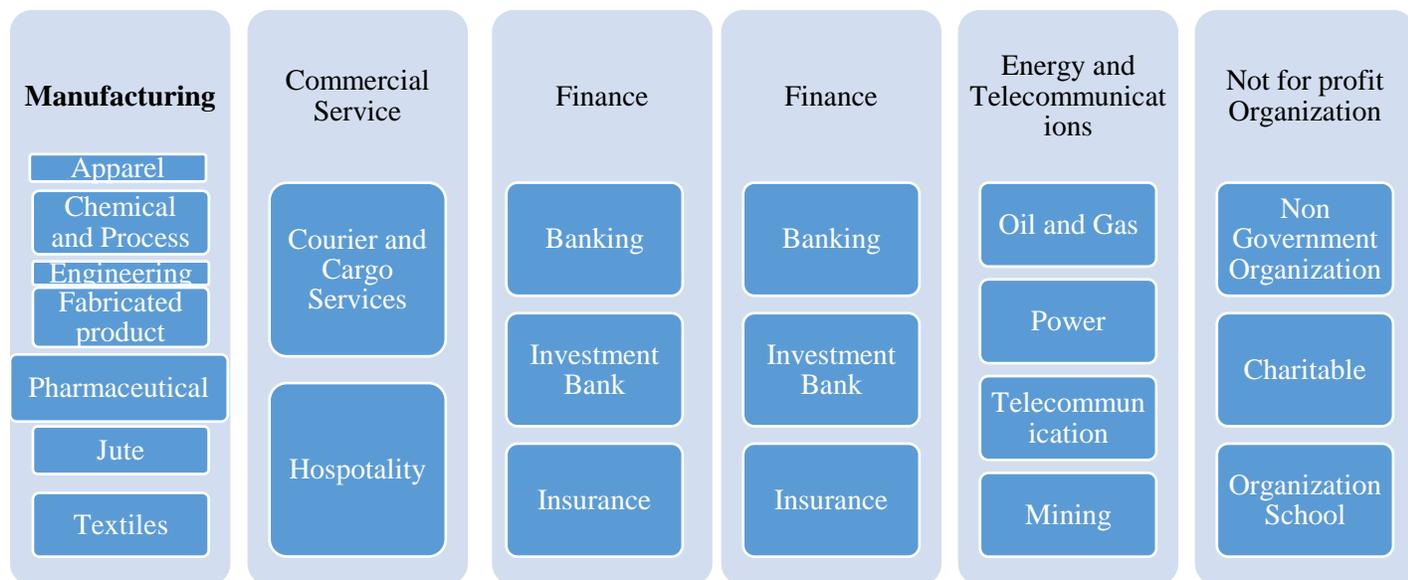
➤ **Outsourcing**

- ✓ Accounts payable processing
- ✓ Payroll and payroll tax processing
- ✓ General 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
- ✓ Book keeping and preparation of final accounts

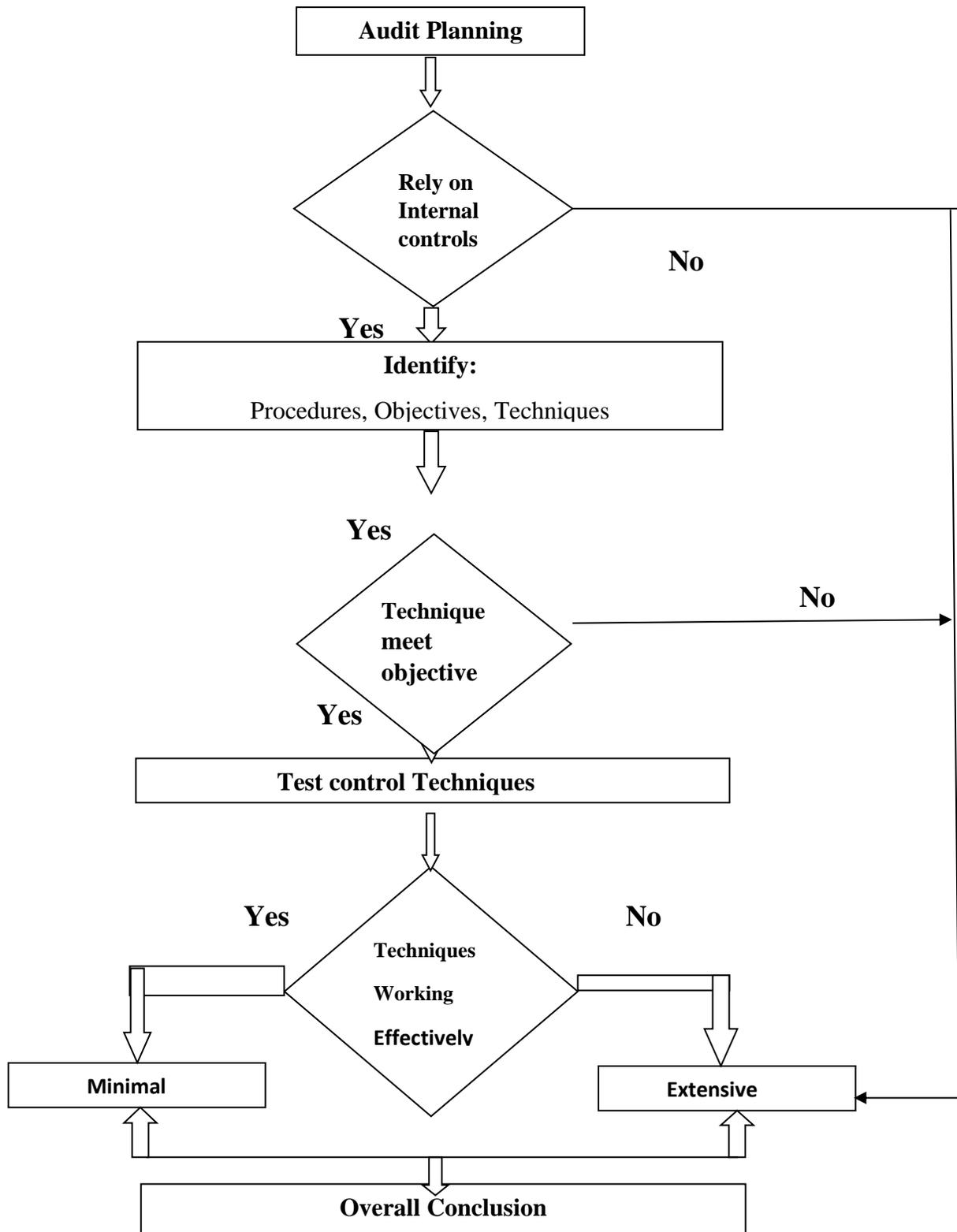
➤ **Others**

- ✓ Accountancy and management training
- ✓ Data processing with computers
- ✓ Privatization consultancy (includes pre-privatization review, restructuring, valuation in particular and privatization assistance in general)
- ✓ Other accounting ancillary services including investigation, internal and management audit
- ✓ Micro-finance consulting

Sectors in which the above services are provided by ACNABIN:



3.7 ACNABIN Audit Linkage



3.8 Audit sequences of ACNABIN

3.8.1 Engagement procedure

Before the main procedure starts, it is necessary to know the client types of the firm. Different clients are there in ACNABIN. Clients can be new, who are taking service from ACNABIN for the first time. Clients can be the existing one, who wants to take the service again. Different types of engagements are described below:

3.8.1.1 *Engagement with new clients*

There are few stages when it comes to the new clients. The stages are:

-Proposal making from ACNABIN: In case of new client, clients generally give circular for proposal from the firm. Sometime they want direct proposals from the firm. It happens when they choose the firms of their own choice. When they take direct proposals from the firm, ACNABIN mentions the cost of conducting the audit and the time needed for the audit. The company describes the area of audit and attaches it.

-Proposal letter sent to the client by ACNABIN: After reviewing the total proposal and finalizing the financial and technical terms, ACNABIN sends the proposal letter to the respective client. In addition, it is mentioned that the charges and time is an approximate value, which can vary.

-Proposal Acceptance and the letter of contract: In case of circulation, company receives more than one proposal letter and they selects one particular firm. However, when directly firm is chosen then after getting the proposal letter, company review the letter and if they have no issue, then finalize it and sends a letter of contract.

-Confirmation Letter: After receiving the letter of contract from the company, ACNABIN sends them a confirmation letter.

3.8.1.2 *Engagement with existing client*

In case of existing client, the procedure is more simple and easy. They have to send the letter of appointment. In this letter, they show their willingness to take ACNABIN again this year. Audit fees can vary from the last time. They also send appointment letter and if ACNABIN wants to work, they accept it and send the confirmation letter.

3.8.1.3 *Directly appointed by the clients*

Interested clients send appointment letter directly to the firm. They include the terms and conditions in the appointment letter. After reviewing them if ACNABIN finds it profitable for them then they accept it and send the confirmation letter to the client.

3.8.2 Audit Procedure

After finalizing the engagement with the respective client, then it comes to the actual process of auditing. ACNABIN mainly follows the international standards of auditing, as it is an independent member of Baker Tilly. However, it follows all the steps followed in Bangladesh. The steps are:

3.8.2.1 Identify overall goals

ACNABIN follows International Financial Reporting Standards (IFRS) and International Auditing Standards (IAS) in forming reports. On the other hand, to check the financial statements and other issues ACNABIN follows the Generally Accepted Accounting Principles (GAAP). Identifying the overall goals is the first step for the auditing team. Some issues are considered while identifying the overall goals. They are finding the errors, finding the irregularities and finally the efficiency of the company. The details are discussed below:

1. Errors:

For providing reasonable assurance, auditors have to find errors occurred in accounts. This is the part of planning from the audit-practicing manual. Unintentional misstatements are considered error here. Material error detection is the first and foremost consideration in identifying overall goals. The audit team has to find out the existence of asset and liabilities. They have to find out the accuracy of recording date, balance. Errors may arise for various reasons. Gathering and processing of the accounting data might be wrong from the financial statements. Accounting estimates can be incorrect and finally errors may occur because of the misapplication of the accounting principles.

2. Irregularities:

Most important thing in maintaining accounts is to maintain the consistency. Irregularities are related with the risk and materiality of the accounting manual. Any irregularity, which might be material, needs to be find out in this stage of audit.

3. Efficiency:

Efficiency is the key element of audit. Auditors have to audit a full year financial statement in a very little span of time. This has to be ensured by this stage. There can be various ways to find out the efficient way of doing the audit. Firstly, for the existing clients some members of the previous team can be sent. Audit team has to be combination of different type of people. Skills should be different but they have to have the mentality to work together for one goal.

3.8.2.2 Gather and evaluate initial information

Second step of audit is to gather and evaluate initial information. Every detail about client is very important for the auditors. Knowing the basic business, how it is operated and major buyer seller information; these are the very basic to start with. The activities of this stage are given below:

- 1. Understand the business:** Firstly, auditors have to understand the industry of the company and the nature of the company. With this, they will be able to know the objectives, strategies and the related risks too. After that, they will find out the external factors and the financial reporting framework of the company. The measurements, financial performances and the accounting policies will be focused also. Finally, the internal control has to be checked. The risk will be minimum if the internal control is strong. Sample size depends on the strength of the internal control. As per BSA-610, audit team can take help from the internal auditors.
- 2. Consider internal control structure:** To understand the internal control system it is very essential to understand and assess the internal auditing. For this, auditors had to evaluate and test the work of internal auditing. It needs to be checked if the internal auditors are technically sound or not, there work is properly reviewed and supervised by someone efficient, report consistency etc. The demo questionnaire for the internal control is given below:

INTERNAL CONTROL QUESTIONNAIRE (ICQ):

Please complete the following questionnaire by ticking the appropriate box. Where the answer is “No” and where you feel that a “Yes”, “No” or “N/A” does not answer the question adequately, please provide further details on a separate sheet.

Yes No N/A		
1. ACCOUNTING PRACTICE		
(a)Is the system of internal control such that proper accounts are produced?	Yes	No
(b)Are accurate periodic management accounts prepared?		
(c)Can the accounts be produced simply by extracting figures from the ledgers or is it necessary to analyze and adjust ledger figures?		
(d)Is the basis of accounting consistent with that of the previous year?		
2. CASH & CASH EQUIVALENTS (1)		
(a)Is access to cash area strictly restricted to others?		
(b)Is there a system of periodic surprise cash count? If so how often carried out and by whom?		
(c)Whether Fidelity Guarantee Insurance coverage obtained for Cashier?		
(d)Are Cashiers prohibited from performing bookkeeping duties?		

(e) Does the cashier prepare a Daily settlement Report duly checked and signed by a Managerial Staff?		
(g) Whether recovery of loan in cash used for office expenses without depositing the same into Bank?		
(h) Whether Cash Balance agrees with the balance of General Ledger and checked by responsible officer daily?		
(i) Whether cash is kept under dual control?		
(j) Whether Cash-in-Safe policy has been taken with adequate limit of sum-insured?		
(k) Whether cash-in-transit policy has been taken with adequate limit of sum insured depending on times and level of regular cash carried?		
3. CASH & CASH EQUIVALENTS (2) Yes No N/A		
(a) Whether all Bank Reconciliation Statements are prepared on a timely basis and properly reviewed by a responsible person not associated in preparation of bank reconciliation statements		
(b) Whether persons responsible for passing entries for bank transaction are restricted to banking correspondences?		
(c) Whether Banking correspondences are directly addressed to Managerial staff?		
(d) Whether jobs related to Bank reconciliation are allocated in such a way that job done by one employee is automatically checked by another staff / officer?		
(e) Whether balance certificates are obtained from the banks of all accounts at least at the year-end?		
(f) Whether all material items shown as being out-standing on the bank reconciliation statements are accounted for or cleared on a timely basis?		
4. INVESTMENTS		
(i) Are purchases and sales of securities approved by appropriate authority of the Bank?		
(ii) Whether security scripts are checked upon receipt of the same and preserved at safe custody of the Corporation?		
(iii) Whether direct control is exercised over physical custody of Investment scripts?		
(iv) Whether a subsidiary ledger is maintained showing full particulars of Investments?		
(v) Whether all documentation for purchases and sales are preserved by the Bank?		
(vi) Whether separate persons are responsible for accounting, physical custody, trading and approval of investments?		

(vii)Whether aggregate balance appearing in Investment subsidiary Ledger/ Cards are agreed regularly with the balance/balances appearing in General Ledger as a matter of regular practice?		
(viii)Whether periodic reconciliation is prepared for physical existence of Investments and that appearing in General Ledger of the Bank?		
(ix)Whether incomes including original cost of investments are collected in due course or on maturity and properly accounted for?		
(x)Whether responsible officials properly verify ownership / transfer of investments?		
(xi)Whether all income on investments is accrued at the year-end and properly accounted for?		
(xii)Whether adequate provision has been made for decrease in the market value of investments, loss of investments, and non-realization of investments due to introduction of new law?		
(xiii)Whether costs of investment are verified with the market quotations and differences, if any are ascertained at the year-end and properly accounted for? Or properly disclosed in the Accounts?		
4. FIXED ASSETS Yes No N/A		
(i)Whether the Organization has any established policy in acquisition and disposal of Fixed Assets?		
(ii)Are budgets for capital expenditures approved by the Board of Organization?		
(iii)Are approved budgets communicated in writing to:		
i) Purchase Department?		
ii) Accounts Department?		
iii) Branch offices?		
(iv)Are written authorizations required for incurring capital expenditures for items included in the Budget?		
(v)Is the authority to incur capital expenditures restricted to specified officials?		
(vi)Are purchases of capital items subject to same control measures as are applicable to purchases of stores, etc.?		
(vii)Are receipts of capital items subject to same procedures as applicable to stores etc.?		
(viii)Is there proper check to see that amounts expended do not exceed the amount authorized?		
(ix)Are supplementary authorizations required for excess expenditure?		
(x)Is there an established procedure for moving any capital items from one location to another?		
(a)Is written authority required for		
- Scrapping of fixed assets?		

- Selling of fixed assets?		
(b)Is there authority to permit scrap/sell of fixed assets restricted to specified officials?		
(c)Are limits specified are this regards?		
(d)Are sales of fixed assets subject to same procedures as are applicable to sales of stores, etc.?		
(xi)Are reports issued promptly in respect of		
(a)Units sold?		
(b)Units scrapped?		
(c)Units moved from one location to another?		
(xii)Are fixed assets under construction		
(a)Subject to separate control account in General Ledger?		
(b)Controlled by job number?		
(xiii)Is expenditure on wages, materials and stores charged to capital account on a reasonable basis?		
(xiv)Is there any official responsible for ensuring that allocation of expenditure between capital and revenue is in conformity with accounting policy?		
(xv)Is a register of all fixed assets (including fully depreciated assets) maintained?		
(xvi)Is the register regularly written up throughout the year?		
(xvii)Is the register periodically tattled with the financial account records?		
(xviii)Is the following information available in the register?		
(a)Supplier's name		
(b)Date of purchase		
(c)Cost (including additions, improvements, exchange rate adjustments etc.)		
(d)Location and identification number		
(e)Rate of depreciation and estimated life.		
(f)Accumulated depreciation and depreciation charge for the year		
(g)Estimated salvage value		
(xix)Is there a list of title deeds for the landed properties and buildings?		
(xx)Are title deeds of properties kept in safe place?		
(xxi)If they are lodged as security, are certificates obtained to that effect periodically?		
(xxii)Are registration books of vehicles periodically verified?		
(xxiii)Are fixed assets physically verified periodically?		
(xxiv)Is the ownership of the fixed assets properly checked by a responsible officer of BIWTC		
(xxv)Is there a written procedure for such verification?		

(xxvi) Does the procedure provide for verification/ confirmation of fixed assets with third parties?		
(xxvii) Are reports prepared on such verification?		
(xxviii) Do such reports indicate damaged obsolete items of fixed assets?		
(a) Are discrepancies disclosed by such reports investigated?		
(b) Are the records and financial accounts corrected with proper authority?		
(xxix) Are damaged/obsolete items disclosed by such reports, removed from the records and financial accounts with proper authority?		
(xxx) Is there satisfactory control over the acquisition and write off of such items?		
(xxxi) Are there physical safeguards against theft or loss of tools and other movable equipment?		
(xxxii) Are fixed assets shown at their original cost?		
(xxxiii) Is there a plant register which is periodically agreed with		
(a) Assets on hand?		
(b) Financial accounts?		
(5) Insurance Yes No N/A		
(xxxiv) Are the following risks covered in respect of buildings and machinery:		
a) Fire		
b) Strike, riot and civil commotion		
c) Flood		
d) Earthquake		
(xxxv) Does the official, who decides on the value for which policies are taken, review periodically the adequacy of the insurance cover?		
a) Is there loss-of-profits insurance cover?		
b) Is there machinery-breakdown insurance cover?		
c) If the answer to (a) or (b) is negative, is it due to a specific decision taken by senior officials?		
(xxxvi) Is there an official who decides on the value for which policies are taken?		
(xxxvii) Are the fixed assets insured on reinstatement basis?		
(xxxviii) Are major additions and disposals supported by properly authorized vouchers and tested by you?		
(xxxix) Are you satisfied with the principles followed for depreciation of fixed assets including idle assets?		
(xxxx) For fixed assets other than property, are items in the plant register identified with the actual assets?		
6A. OTHER ASSETS Yes No N/A		
(i) Whether unused stock of stationery and stamps are shown as stocks in Balance Sheet?		

(ii)Are all entries properly approved, recorded and adequately documented?		
(iii)Whether unused stock of stationery and stamps are physically checked at the balance sheet date and properly valued at the latest cost price?		
(iv)Whether clearing entries are cleared promptly and transferred to appropriate Accounts?		
(v)Does the systems provide for periodic review and follow-up by officials of the Bank?		
6B. SECURITY DEPOSITS AND PREPAYMENTS		
(i)Whether a periodical review is carried by Internal auditor as to its status?		
(ii)Whether security deposits are received as soon as its purposes are served?		
(iii)Whether refund of such security deposits is authorized by high officials of the Bank?		
(iv)Whether adjustments of security deposit, if any, are regularly checked and reported upon to Management of the Bank?		
(v)Whether adequate provision is made for doubtful deposits, if any?		
(vi)Are the validity and valuation of prepayments satisfactory?		
7. BORROWINGS		
(i)Are proper recordings made in the relevant books and subsidiary Ledger/Cards maintained in respect of each class of borrowings showing full particulars thereof?		
(ii)Whether proper documentation like sanction letters, disbursement advises, etc. is preserved by the Corporation?		
(iii)Are all documentation in support of conversion of borrowings into equity maintained within the knowledge of higher officials of the Corporation?		
8. PAYMENTS		
(i)Whether vouchers prepared, checking thereof approval and disbursements are done by separate persons?		
(ii)Whether supporting are preserved along with payment vouchers or with ready reference for easy tracings?		
(iii)Whether payments made by Branches of the Bank are made as per set rules as to nature of payment and limits?		
(iv)Whether undelivered cheque/PO is lying for unusually long time?		
(v)Whether provisions for acknowledgement are ensured in all cases?		
(vi)Whether higher officials regularly check the payments particularly the large ones and exceptional items?		
(vii)Whether calculation of interest on borrowings is done mechanically and checked by other persons?		
9. INCOME		
(i)Whether calculation of interest on loans and advances is done mechanically?		

(ii)Whether there are provisions for checking of such calculations done mechanically or manually?		
(iii)Whether calculation of interest, checking and accounting thereof are done by separate persons?		
(iv)Whether posting of interest are made to sub-borrowers accounts without delay?		
(v)Whether income receivables particularly from investments are followed up and efforts made for prompt collections?		
(vi)Whether report of income or any receipts are made promptly?		
(vii)Are expenses allowed out of collections on various accounts?		
(viii)Whether commission receivable for various services rendered by the Corporation is consistently followed for all cases and basis is also followed?		

- 3. Identify client expectation:** External auditor should always keep the client’s expectation in mind. They should perform audit according to it.
- 4. Consider materiality:** There might be small mistakes in accounts. Auditors have to consider if that particular mistake hits the accounts materially or not.

3.8.2.3 Assess general risks

The next step is to assess the general risks of the audits. This is a ‘top-down’ approach, which focuses on the high-level information. The factors that matter to this step are:

- 1. Consider impact of extensive factors:** After getting the high-level information, the documentation might extend depending on the level of risk. If the company is risky and the transactions are not reliable then the audit should cover extensive area.
- 2. Establish overall audit approach:** After deciding the area, auditors decide the overall approach needed to complete it. If the area is extensive, it takes more time and budget. On the other hand, opposite situation happens when it is intensive audit.
- 3. Decide coordination and timing:** Finally, the coordination and the time is set according to the task.

3.8.2.4 Assess account specific risks

In this step, auditors find out the risk related to specific account. With the help of APM questionnaire, audit team does the whole work. Specific tasks for this step are given below:

1. Identify accounts and transactions to be addressed.
2. Identify types of financial statement misstatements.
3. Identify risk indicators.
4. Select mitigating controls upon which reliance will be placed
5. Develop procedure to test mitigating controls
6. Assess remaining risk to be addressed by substantive test

3.8.2.5 Develop effective and efficient audit plan

After specifying all the risks, auditor makes the master plan. In this step effectiveness and efficiency is considered the main issues. In this stage, auditors test the internal control system. If the control systems are strong then they do not go for the substantive tests. The more the strong control the more the test of controls occurs. However, the situation is the reverse in case of substantive test.

3.8.2.6 Conduct audit testing

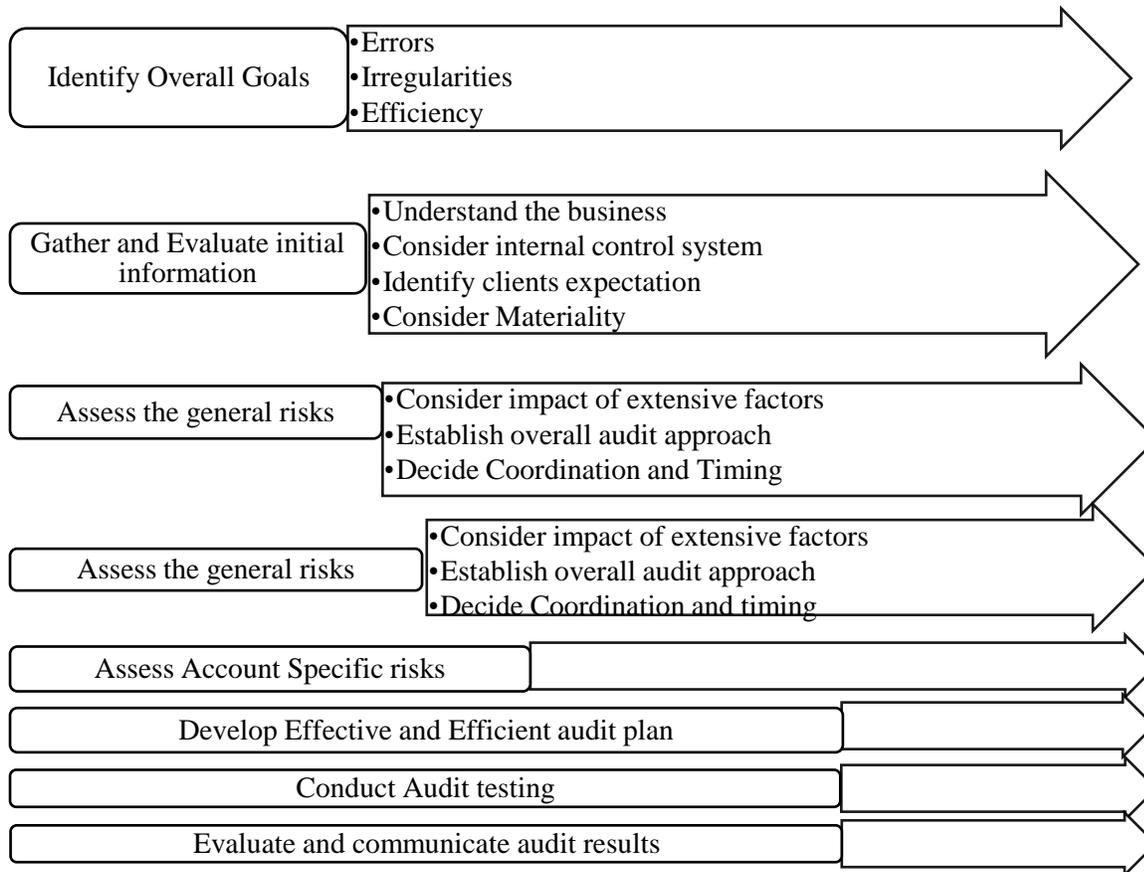
This is known to be the practical work stage where the auditors using proper methods gather all the audit evidences. Different type of audit tests are performed to validate the evidences. The auditor firstly goes through the documents and makes notes. Then the technical compliance tests are taken to verify the IT systems. Accumulation of audit evidences and the papers are the end result of this stage.

3.8.2.7 Evaluate and communicate audit result

Final stage of doing an audit is to evaluate the result and communicate it with client. Reporting is a very important part of this stage. After collecting all the audit evidence related to the financial statements auditor starts to compile it as a report. The material misstatements found in the planning stage are considered to evaluate the audit evidences. The auditors check mainly the sufficiency and the appropriateness of the evidences. Most importantly, if those evidences do not help the auditor to justify his point then they are valueless. If there is not sufficient evidence then some extra steps are taken to get the result. After collecting proper evidences, the auditor starts evaluating the misstatements found. The auditor compares it with the planning materiality figure. Finally, the total misstatements are identified and checked if it causes the financial statements to be misstated materially or not. The issues are discussed with the client and the client gets a chance to defend it and clarify the issue. In the end, the remaining issues are shortlisted. The auditor gives his opinion. If the accumulated issues misstates the financial statements materially

then ACNABIN gives a qualified report. On the other hand if it does not affect the statements materially then an unqualified report is given.

Figure: Audit steps of ACNABIN are shown in the flowchart:



4. Experience at PARTEX Star Group Limited

After joining ACNABIN as an intern, the first client I got was PARTEX Star Group Limited. They hired ACNABIN to do their Management Audit. I will be discussing the process of audit at PARTEX Star Group Limited. Before that, a brief intro about the company is given below:

Partex Star Group is considered one of the largest diversified enterprises in Bangladesh that started its journey in 1962. Mr. M.A Hashem was the founder chairperson. Partex Star Group completed its successful 50 years in the manufacturing, service and trading industry. Their business exists in the area of consumer durables like different types of boards (particleboard, veneer board, melamine faced chipboard, plywood, PVC sheet) doors and doorframes & furniture to FMCG like dairy products, cookies, spices, etc.

4.1 Vision

The vision of the company is- “Transform Partex Star Group into a Business Enterprise of Global significance to deliver superior value to our customers, shareholders, employees and society at large.”

4.2 Mission

The mission of the company is- “Partex Star Group shall be the leading conglomerate in the country, continuously maximizing shareholder value by achieving exceptional performance, fostering long-term confidence and respect, while generating sustainable growth for all shareholders.

- Introducing new and innovative products and technologies.
- Assuring quality products from advanced manufacturing facilities.
- Exceeding customer satisfaction and granting trust through quality services.
- Continuous development of people competency.
- Recognizing individual contribution.”

4.3 Board of Directors:

The present board of directors of the Partex Star Group Limited are:

Board Of Directors	
M.A Hashem	Founder Chairman
Sultana Hashem	Chairperson
Mr. Aziz Al Kaiser	Vice Chairman
Mr. Aziz Al Mahmood	Managing Director
Tabassum Kaiser	Director
Savera H. Mahmood	Director

4.4 Values and Guiding Principles:

Partex Star Group Limited follows set of values and principles which:

- Live up to our commitments.
- Trust and respect to each other.
- Work as a team.
- Take initiative to exceed standards.
- Transparent and fair in all our dealings.
- Share social responsibility.

4.5 Corporate Social Responsibility:

Every company has to do something from their end for the benefit of the society that are known as corporate social responsibility. Partex Star Group Limited is trying to complete their responsibility by focusing on the environment and the education sector. They are also involving in different women empowerment programs. Their two very much known activities are:

Education Sector:

Partex Star Group is long been involved in CSR activities. Since 1989, it has been running the Kuripara High School, which now has over 1000 students.

Environment Sector:

Partex Star Group also has a tree plantation project on more than 65 bighas of land and the group is gradually acquiring the land to increase the project's area.

4.6 Quality Policy:

The quality policy of Partex Star Group is- “Provide the best – in – class products and services keeping customers at the heart of our operations so that they not only seek us as their first choice, also recommend actively to all.”

4.7 Company:

Partex is a huge manufacturing company of Bangladesh. They have divided the whole company into two parts. They are known as complex-1 & complex-2. Complex-1 is the building material division that is also known as Partex. On the other hand, Complex-2 is the food manufacturing division known as Danish. The concerns under these two complexes are given below:

1. Complex-1-Partex (Building Materials Division)
2. Complex-2-Danish (Food Division)

CX 1 (Partex)		CX 2 (Danish)	
Building Materials Division		Food Division	
1	Star Particle Board Mills Limited	1	Danish Condensed Milk BD Limited Unit 2 Drink / Juice
2	Partex Furniture Industries Limited	2	Danish Distribution Network Limited
3	Partex Builders Limited	3	Danish Foods Limited
4	Partex Laminates Limited	4	Rubel Steel Mills Limited
5	Partex Agro Limited	5	Danish Milk Bangladash Limited
6	Partex Housing Limited	6	Danish Dairy Farm Limited
7	Partex PVC Industries Limited	7	Shubornobhumi Housing Limited
8	Star Adhesives Limited	8	Voicetel Limited
9	New Lights Star Apparels Limited	9	Ferrotechnic Limited
10	Partex Aeromarine Logistics Ltd.	10	Geometric Business Development Ltd.
11	Partex Cables Ltd.		
12	Corvee Maritime Co. Limited		
13	Partex Limited		
14	Partex Power Generation company Ltd.		

4.8 Partex Star Group Audit:

4.8.1 Identify Firm’s Overall Goal:

The company management wants to engage a reputed chartered accountants firm to provide management audit services to assess “true and fair view” of the financial statements of its five

companies for the accounting year 2016. The management also wants to assess the internal control systems of these five entities through this assignment. Under this context, ACNABIN, a Chartered Accountants firm, consider itself quite competent to undertake the assignments.

Objective of the audit

The management of the group wants to achieve following objectives through this assignment:

- To have independent assessment to find out that financial statements, presented a “true and fair” view of a company's financial performance and position and prepared in compliance with applicable laws and regulations and international financial reporting standards;
- To assess internal control systems including policies and procedures relating to recording, processing and presenting financial information in the books of accounts; and
- To review cost accounting systems, methods, policies and processes and to assess whether cost information providing by the management are determined with due care.

Scope of work

As we understand from the meeting held at Partex Star Group with the management, we started doing our management audit on two concerns. They are:

5. Star Particle Board Mills Ltd. (unit- 1,2 & 3)
6. Partex PVC Industries Ltd.

The followings are the scope of the proposed assignment for these four concern:

A. Review of the financial statements for the year 2016

- We need to confirm opening balances with the related ledgers and last year's audited financial statements.
- We need to confirm closing balances with the related ledgers and audited financial statements.
- We need to check whether the accrual basis of accounting has been followed properly at the time of preparing the financial statements.
- We need to check whether the financial statements have been presented in accordance with the requirement of the Bangladesh Accounting Standard (BAS) 1.

- We need to check whether the elements i.e. assets, liabilities, income and expenses of the financial statements have been recognized properly. The checking will be done on sample basis.
- We need to check whether the requirements of BFRSs have been materially complied with or not.
- We need to check accounting policies of the companies to assess adequacy.
- We need to check relevant documents, on sample basis, to see whether the financial statements give true and fair view.

B. Assessment of Internal Control Systems

Our focus would be on the internal control systems including policies and procedures relating to recording, processing and presenting financial information in the books of accounts. Specially:

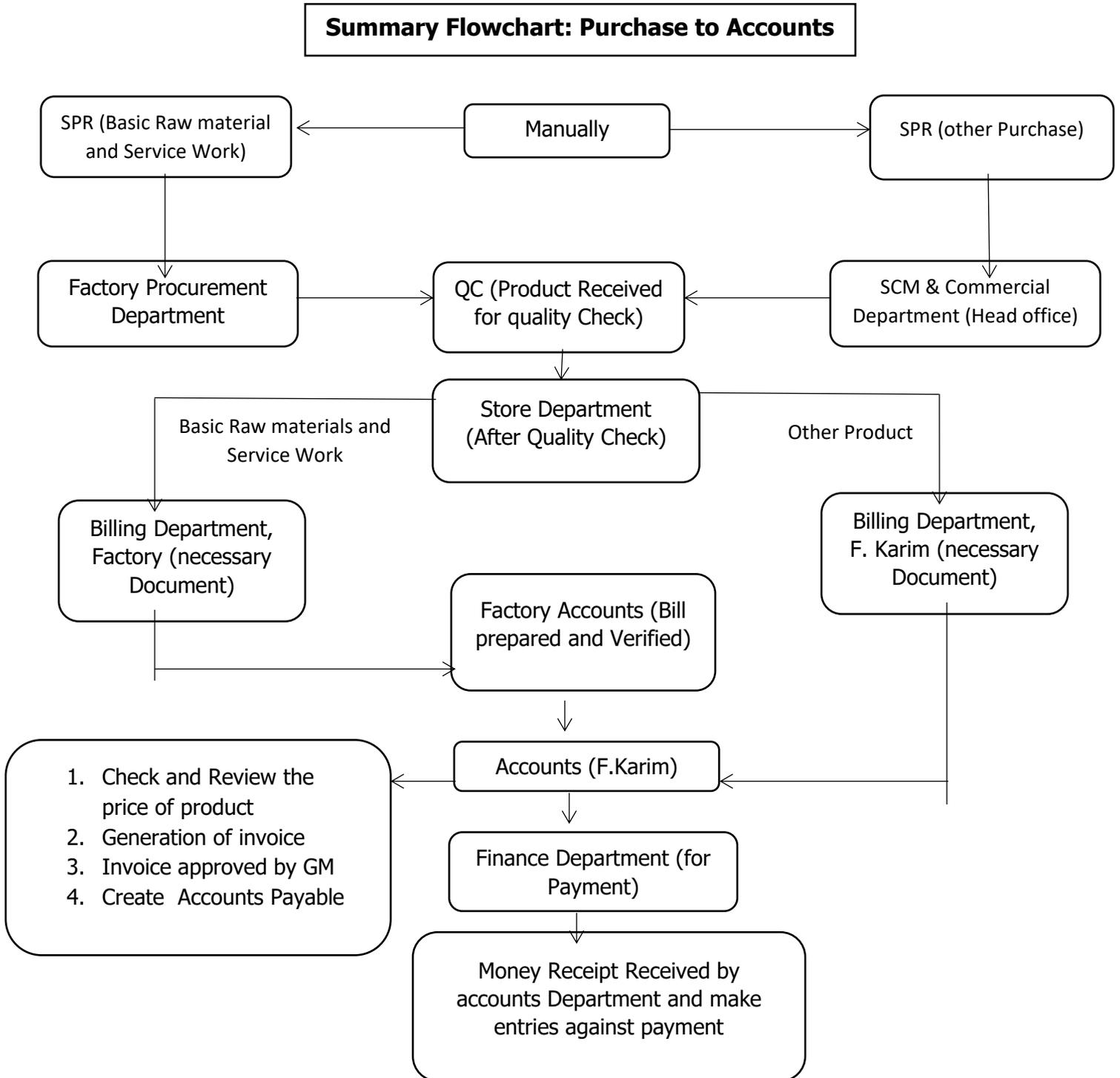
- Internal control systems relating to capturing accounting data from Revenue Cycle
- Internal control systems relating to capturing accounting data from Expenditure Cycle. Focus will be on authenticity of accounting data captured from procurements, inventory management and distribution system.
- Internal control systems relating to capturing accounting data from Production Cycle. Focus will be on valuation of different types of inventories i.e. raw materials, WIP and finished goods.

C. Assessment of Costing Systems of the Companies

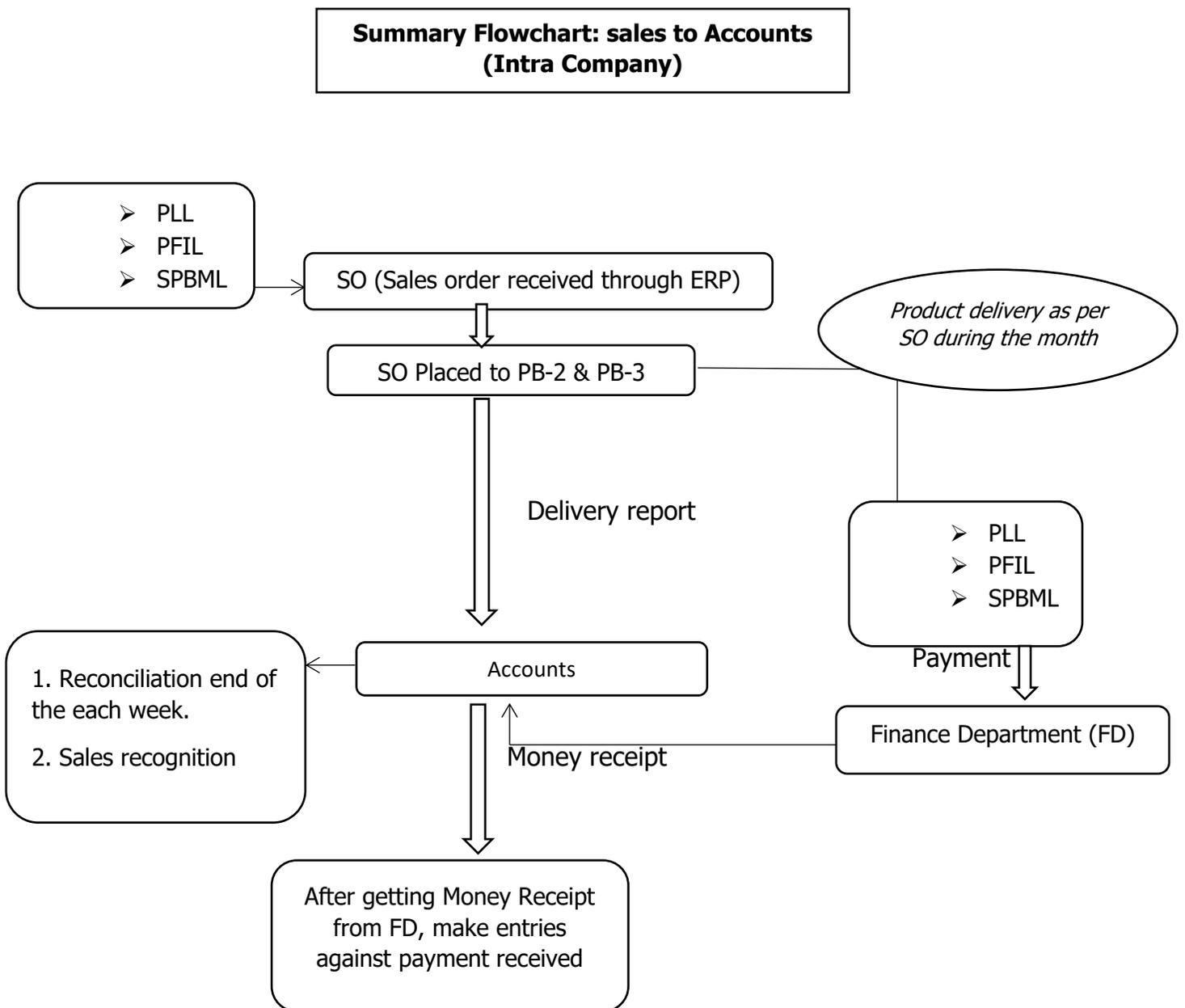
- We need to check definitions and sources of cost data, the operational and other non-financial data underpinning them, and the methods of calculating costs.
- We need to check the cause-and-effect relationships are derived and applied.
- We need to check design of costing system of the companies.
- Review the cost drivers and their implication in designing cost system of the companies.

4.8.2 Gather & Evaluate Initial Information:

After being engaged in Partex Star Group audit project, we have collected some basic information. We went through what their basic business are, understand their operations, considered their internal control structure and identified their expectations. Firstly, we went through their Purchase procedure:

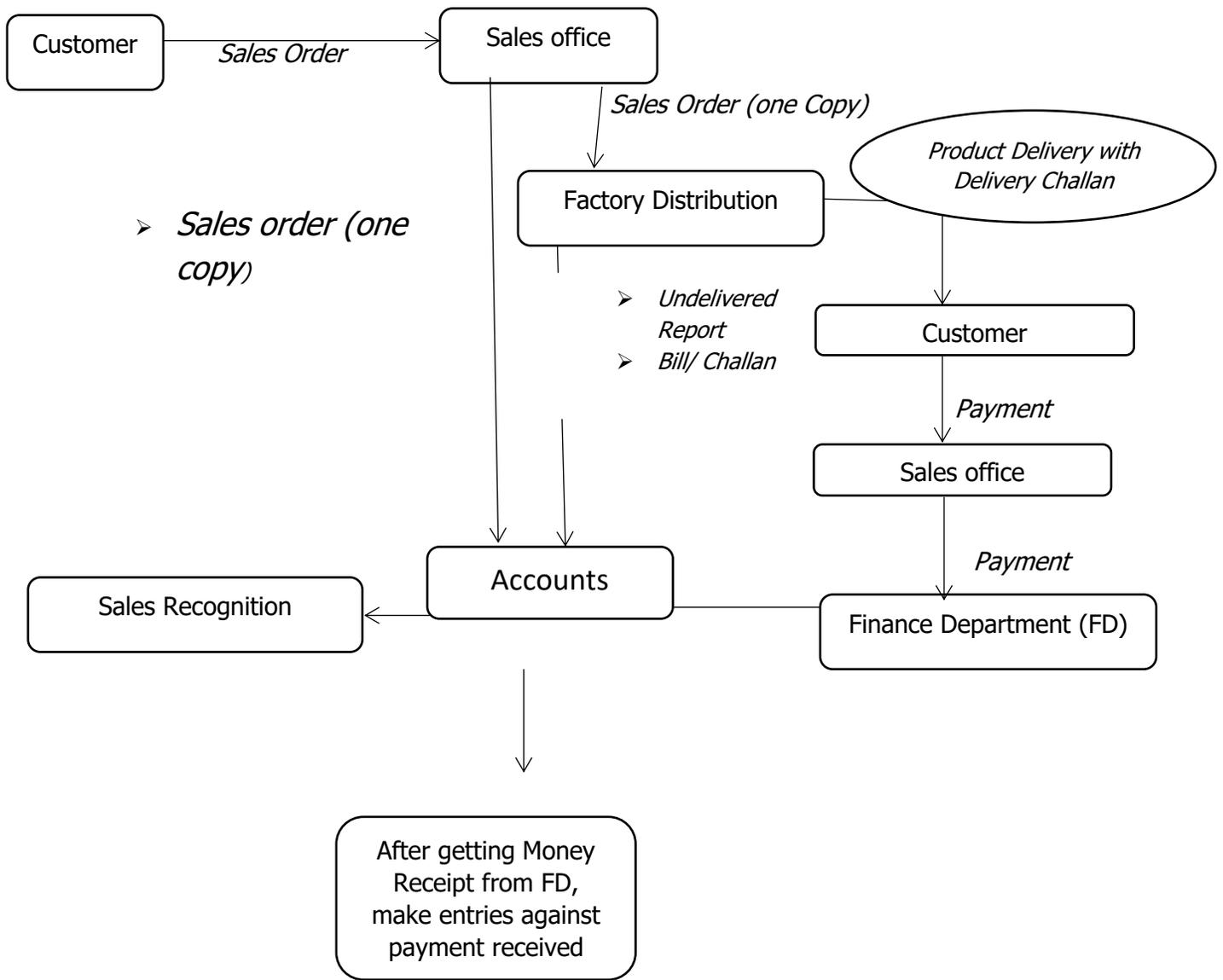


As it is a manufacturing company so, purchase to accounts steps are the most important steps according to the audit team. After that, we found that another most critical thing in this company is to deal with intercompany relationships. The concerns are not independent. Star Particle Boards Mills Limited (SPBML) itself has three units. Therefore, the next relationship flowchart is among the intercompany sales to accounts:



The last and most important flowchart we gathered was about the sales (export). Local sales is very basic in this company. They sell products on cash or credit basis and then accounts handle the payment part. However, the export part is a bit critical. Therefore, this flowchart is for the clarification.

**Summary Flowchart: Sales to Accounts
(Export)**



4.8.3 Assess General risks of clients

After get to know the concern, the first thing we did was to find the general risks of the client. Along with these flowcharts, we got the financial statements, the ledgers and the trial balances. Due to the confidentiality, I cannot attach them in my report. After getting all the papers, we started to list down the general risk areas of the clients. It was a hypothetical process where all the risks were assumed based on the given documents of the concerns. We listed risks for the balance sheet heads and the income statements too. However, these are not specific or precise risks. Specification is done in the next step of the audit. Here are some of the risk areas. They are from the balance sheet of the financial statements. They are:

Risk Area	Risk
Fixed asset	Depreciation process might be wrong
	Asset addition, disposal might be recorded inappropriately
Cash	Might not have proper cash register.
	Cash on hand might not show the right amount.
Accounts receivable	Mismatch might found in the individual and the accumulated receivable.
	When it is converted to bad debt.
	Sales transactions may be processed in the wrong period
Inventory	Process of inventory might be wrong
	Mismatch might found in the store cardex, ledger and financial statement
Accounts payable	Mismatch might found in the individual and the accumulated payable.
	Some accounts might be missing.
	Payment procedure of the payables

4.8.4 Assess Account Specific Risk

In this phase, our audit team started determining the specific risks of every accounts. For example, for fixed asset, we started checking the opening and closing balances of every accounts heads like building, land etc. In addition, we start accumulating evidence for the addition and disposal of the assets too. For the accounts receivable head, we started checking individual ledgers. As, there is no specific tasks given in the APM, so we started to follow the internal control questionnaire.

4.8.5 Develop Efficient and Effective Audit Plan Program

After getting the risk areas then the job in charge made the plan for us. He mentioned the respective areas, allocated sub teams and time for it. The basic planning for this audit is:

SL	Major Head	Sub Head	Time Allocation	Number of Working Days	Responsible
1	Sales	Local Sales	19 December-31 December	9 Working Days	Team-1
		Intercompany			
		Export			
		Others			
2	Purchase	Head Office Purchase	19 December-31 December	9 Working Days	Team-2
		Factory Purchase			
		Foreign Purchase			
		SCM Purchase			
3	Account	Payment Related Documents	19 December-11 January	18 Working Days	Team-1, 2, 3
		Non-Current Assets			
		Current Assets			
		Liabilities			
		Expenses Allocation			
		Income			
		VAT & Tax			
		Vouching Unit2 & 3			
Others activities					
4	HR	Internal Control	1 January-4 January	4 Working Days	Team-2
		Employees Allocation			
		Common Employees			
5	COGS	All Costing Related Working	19 December-4 January	13 Working Days	Team-1
6	Factory	Production Plan	7 January-11 January	5 Working Days	Factory Team (As require)
		Process Checking			
		Inventory			
		Scrap			
		Sales			
		Purchase			
		Cost Allocation			
		Labor Act			
7	Other Internal Control	BFRS Checklist	14 January-18 January	As require	Job in charge and Others (as require)
		Company Act Checklist			
		IT Checklist			
		Environmental Checklist			
		Other Internal Control			
Others					
8	Draft Report		January Last Week		

4.8.6 Conduct Audit Testing:

This is the stage of fieldwork. During this stage, the most important thing is to gather audit evidences. According to the checklist this testing occurred. We firstly started checking the internal control. If the internal control was strong, enough we took small number of sampling and vice versa. Due to the code of conduct of this profession, I am unable to attach our findings of this stage.

4.8.7 Evaluate And Communicate Audit Results:

The final step is the evaluation stage. After this, the audit result is communicated to the clients. At Partex Star Board Limited, we are now writing our final observations. Then we will disclose it to the clients and they will get an opportunity to clarify them.

Finally, if the observations proves that the misstatements are affecting the financial statements materially then we will declare it a qualified audit and vice versa.

5. Lessons learned from the Internship Program:

I worked for 12 weeks in ACNABIN Chartered Accountants as a part of my internship program. My client was Partex Star Group Limited, Tejgaon. In these few months, firstly I learned that group work is very important to achieve something. It is impossible to find out the loopholes of a company without working together. The next thing that comes into my mind is the efficiency. Efficiency is very important in this sector. To be an auditor, from IT knowledge to the theory knowledge, from the analytical ability to the ability of dealing with variety of people; everything is very important. ACNABIN has mainly taught me to:

- Take responsibility of my own work.
- Have the courage to take any decision of my own.
- To work both alone and with the group.
- To interact with the CFO, General Manager and the Accountants.
- To be Punctual and be analytical while taking decisions.
- Be a smart worker and use minimum resources for maximum result.
- To keep the knowledge taught in class in mind and take the practical field experiences without being confused.

Job Responsibility

I have worked in ACNABIN Chartered Accountants from 4th of January 2018 to 5th of April 2018. Here are the responsibilities I had to fulfil:

- Checking the opening balance of the financial statements and match them with the ledger.
- Checking the closing balance of the financial statements and match them with the ledger.
- Check the addition, disposal and depreciation amount of the fixed asset.
- Checking the validity of the additional fixed asset, disposed assets.
- Depreciation method of the fixed assets.
- Checking individual receivables from the ledger with the accumulated balance of the financial statements.
- Checking the entire break down amounts of every heads with the ledger balance.
- Checking individual payables from the ledger with the accumulated balance of the financial statements.
- Checking the samples vouchers with the ledgers.
- Check the cash in hand balance with the bank reconciliation.
- Wrote formal inquiry letter to the bank managers for confirming the balances.
- Check the inventory balances in ledger, financial statements and the store cardex.
- Check the long term and short-term loan balances and the interest rates of them.
- Write the report from the draft observations and making the slides.

6. Conclusion

In this report, I have tried to bring the audit procedures followed in this country. From the engagement process to the review and giving opinion, every single steps are tried to cover up here. Chartered Accountancy is a respected profession in this country and ACNABIN is a well-reputed firm. This firm follows all the regulations and standards set by Institute of Chartered Accountants Bangladesh (ICAB). However, there are many loopholes in the processes. In this era of rapid changing economy, chartered accountant firms are one of the keys to get success. There should be more firms in our country with great quality. Last but not the least, more students should come and explore this field. Without the support of good resources this field will not be able to get strength and to be economically benefitted it is a must.

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