

Report On  
Special Audit in a Readymade Garments Company

By

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15104195

An internship report submitted to the Brac Business School in partial fulfillment of the requirements  
for the degree of  
Bachelor of Business Administration

Brac Business School  
Brac University  
December 17, 2019

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## Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

### Student's Full Name & Signature:

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**Student Full Name**  
Student ID

### Supervisor's Full Name & Signature:

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**Supervisor Full Name**  
Designation, Department  
Institution

## Letter of Transmittal

Riyashad Ahmed  
Assistant professor & Program director- EMBA,  
BRAC Business School  
BRAC University  
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir,

This is my pleasure to inform you that, I am Danial-Bin-Zaidi Choudhury (ID: 15104195), submitting a report of my internship on “Special Audit in a Readymade Garments Company”. I have finished my 12 weeks of internship with ACNABIN Chartered Accountants.

I tried my best to complete the report with the necessary data and recommended it as compact and comprehensive as possible.

Faithfully yours,

---

Danial-Bin-Zaidi Choudhury  
ID: 15104195  
BRAC Business School  
BRAC University  
Date: December 17, 2019

## Non-Disclosure Agreement

The conditions under which sensitive information must remain privileged and private are set out in a confidentiality agreement. A mixture of individuals and business may be the parties of a confidentiality agreement. Either party may reveal confidential information to the other or both parties may have exchange information with each other on the confidentiality agreement.

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I agree that during my internship experience, I may have access to and be interested in the storage of oral, written, computer generated, computer accessed, filmed or documented information relating to employers, managers and staff or organizations or companies.

---

Kamrul Hasan Nahid

Assistant Manager

## Acknowledgement

First of all, I am grateful to the GOD who has given to me the strength and chance to successfully complete the internship.

I am grateful to my supervisor Mr. Riyashad Ahmed, Assistant professor & Program director-EMBA, BRAC Business School, BRAC Business School, BRAC University, who has been a fabulous guide for me regarding the report. He showed me the right path that helped me to prepare this report. His final review positively influences the quality of the report.

I am very grateful to Muhammed Aminul Haque, FCA, partner of ACNABIN, who encouraged me to enroll in ACNABIN for internship. I am sincerely obliged to Mr. Shif Al Mostakin (Manager of ACNABIN), Kamrul Hasan Nahid (Assistant Manager), Tasnim Ara Tithy (Article Student) and Rakib Hasan (Article Student).

Despite of all my hard work to make the report flawless, there might be unintentional faults. I pray and expect forgiveness for my limitations and willingly ready for further studies to appreciate.

To conclude, I would like to thank ACNABIN for arranging internship opportunity for. It was a joyful experience and hopefully may express my experience in this report.

## **Executive Summary**

The report titled “Special Audit in Readymade Garments Company” is an outcome of BBA internship program. This type of internship program helps the students to relate theoretical knowledge with the practical apply. This report covers overall detail practice on special audit by ACNABIN Chartered Accountants in readymade garments companies in the context of Bangladesh.

ACNABIN is one of the top ranked chartered accountancy firm in Bangladesh. This firm maintains a good relationship with good organization and also doing consultancy in many organizations. ACNABIN has some well-known partners who are enhancing the firm with their caliber and experience.

In my 12 weeks of internship period, I worked with an audit team as an audit intern at client’s home office for the special audit purpose. It provides the reasonable assurance in audit report.

In this report, introduction part consists of methodology, limitation and over view of ACNABIN. In next part, scopes of special audit in RMG Company are discussed. Following that in next part, the sectors which need ginger concentration if needed. In last part is about the job responsibility of an intern in ACNABIN.

To conclude with, numerous checklists are included for more explanation.

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## List of Acronyms

RGM	Readymade Garments
ICAB	Institute of Chartered Accountants of Bangladesh
IAS	International Accounting Standard
GAAP	Generally Accepted Accounting Principles
ICQ	Internal Control Questionnaire
IAD	Internal Audit Department

## Chapter 1

### Study Background

#### 1.1 Introduction

In today's educational system is not adequate to enable a student to compete with confidence and reach his/her goal without having experience with the outside world.

In order to my BBA program, the three-month internship program enhance my knowledge on auditing process. The assignment was how a chartered accountancy firm performs a special audit and also to gain a knowledge and practical experience on how special audit occurs. To face way more complicated and difficult business world within the challenging business areas, sensible information is important to expand our theoretical base. To collect the sensible information, we were forwarded completely different organization after finishing BBA Program. As I have an intention to become a chartered accountant, I was forwarded to ACNABIN, a well-known chartered accounting firm in Bangladesh.

This study gave me a chance to look at and perform real world data regarding the audit procedure that is followed by the chartered accounting firm. During my internship period I might relate the theoretical data of auditing to practical experience.

#### 1.2 Origin of the Report

Internship program is mandatory for all the students who are graduating from BRAC Business School.

In my three months of internship program I was engaged in a host firm called ACNABIN. I have learned about auditing procedure and also learn how to conduct a special audit.

So that, I have decided to write down a report about the Special audit on Readymade Garments company.

### 1.3 Object of the study

The study is divided into three major standards:

- ❖ Primary
- ❖ Secondary
- ❖ Tertiary

The report's primary requirement is to complete the internship program. As a student of business studies, a student must work in an organization for three months to obtain knowledge regarding job field and career choice.

Secondly, secondary requirement of this study is observing a clear look into the audit process in an RMG company specially if there is a number of findings of loop holes, misappropriation of fund and mis-accounting.

Lastly, Tertiary objective of the study is knowing the audit procedure in Bangladesh context, increase compliance in an organization and also know about the readymade garment companies work actions.

### 1.4 Scope of Study

I was assigned to ACNABIN which gave me tremendous scope to familiarize myself with the organization's Special audit procedure. Major parts of the context are shown below:

- a) The host organization's history and role as well.

- b) The audit procedure followed by the auditing organization.
- c) Nature and significance of it has depicted in this study.
- d) Auditing the company's administration, followed by the auditing organization.
- e) Auditing the firm's methodology, which is adopted by the auditing organization.

## 1.5 Methodology of Collection Information

To prepare the assigned project report, I gathered the necessary information from two forms of source as follows:

- Primary sources information.
- Secondary sources information.

Primary sources information:

- 1) Through collaborating with various audit teams, I gathered primary information.
- 2) Speak with engagement partner, audit manager, audit staff and articulated students.
- 3) Staying at client office.
- 4) Factory visit.
- 5) Interviewing the employee of the concern office.

Secondary sources information:

- 1) I have gathered secondary data such as financial report, management audit report, accounting system and audit working papers.
- 2) The information was obtained from the company's different files.
- 3) Collect necessary information from ACNABIN official website.

## 1.6 Limitation of the Study

The study is carried out with the aim of conducting a thorough study of the external audit procedure. During my study, I used a lot of facilities and faced some obstacles. Such barriers can be considered the study's constraint. Such drawbacks are as follows:

- a. Scheduled time to cover all data was not adequate.
- b. The case study knowledge is not adequate for this review as an independent audit company.
- c. Due to time and other limitations, the exact audit protocol is not followed to some extent.
- d. Since the internship was the first practical experience, I could not know everything about the audit procedure.

## Chapter 2

### Organization Profile

#### 2.1 Profile of the Firm

Name of the Audit Firm	: ACNABIN Chartered Accountants
Associate firm	: Baker Tilly
Date of Establishment	: 15 <sup>th</sup> February, 1985
Address of the firm	: BDBL Bhaban (Level-13) 12 Kawran Bazar Commercial Area, Dhaka-1215, Bangladesh.
	: Dhaka Extension Office: T.K. Bhaban (LEVEL-9) 13 Kawran Bazar Commercial Area, Dhaka-1215, Bangladesh.
Telephone, Fax & E-mail:	: Telephone: (+88-02) 41020030 to 35, (+88-02) 8189428 to 29  Fax: (+88-02)41020036 E-mail: acnabin@bangla.net Web: www.acnabin.com

## 2.2 Firm's History

ACNABIN was founded in 1985 with seven partners. The name "ACNABIN" comes from the founding partners' acronyms:

A	= ABM Azizuddin
C	= Anwaruddin Chowdhury
N	= Abu Syed Mohammad Nayeem
A	= Mohammad Akhtaruzzaman
B	= ATMA Bari
I	= Iftekhar Hossain
N	= Mohammad Nurun Nabi

The partnership currently consists of four founding partners and six new partners. In 1990-92, ACNABIN represented BDO in Bangladesh and from 1992 until the later collapse in 2002, Arthur Andersen.

## 2.3 Registration

ACNABIN Chartered Accountants Firm is registered in 1985 under the Bangladesh Institute of Chartered Accountants.

## 2.4 Associations

- a) Allied from 18 February 2003 with ASNAF-ASEAN Accounting Companies, Singapore.
- b) USID and EC Enlisted.



In 1993, the U.S office of Regional Inspector General/Audit, Singapore, appointed ACNABIN to perform financial reviews of the beneficiaries of USAID funds in Bangladesh. The European Commission has also enlisted ACNABIN to carry out financial audits of the recipients of their funds.

- c) BAKER TILLY INTERNATIONAL's "Representative Organization" status was obtained by ACNABIN in July 2005.

BAKER TILLY is BAKER TILLY International's autonomous representative. BAKER TILLY International is a network of high-quality, independent accounting and business consulting companies, all committed to providing their customers with the best possible products, in their own marketplaces, and around the world, wherever the customer needs assistance. BAKER TILLY International is the 8th largest network in the world, representing 122 companies in 75 countries with a total global fee of USD 1.82 billion and 18,600 employee worldwide.

## 2.5 Membership

ACNABIN is the member of:

- a) Metropolitan Chamber of Commerce and Industry
- b) The Bangladesh Chamber of Commerce and Industries
- c) The American Chamber of Commerce.

The company has two offices with four different divisions in the capital city of Bangladesh to handle its day to day operations. The following section are:

- a) Auditing and Assurance
- b) Income tax and legal advice
- c) Consultancy services
- d) Advisory.

## 2.6 Existing Partners and Their Specialization Area

Name	Office	Area of professional	
		Primary	Secondary
ABM Azizuddin	Dhaka Office	Audit	Consultancy
Iftexhar Hossain	Dhaka Office	Consultancy	Audit
ATMA Bari	Dhaka Office	Tax	Audit
A.S.M Nayeem	Dhaka Office	Audit	Tax
M. Moniruzzaman	Dhaka Office	Audit/tax	Consultancy
Md. Mominul Karim	Dhaka Office	Audit	Consultancy
Md. Rokonuzzaman	Dhaka Office	Audit	Consultancy
Md. Reajul Islam	Dhaka Office	Tax	
Muhammad Aminul Haque	Dhaka Office	Audit & Assurance	Consultancy

*Table 1 partners' profile*

## 2.7 ACNABIN'S Achievements

ACNABIN introduced a scholarship to encourage talented students to the Bangladesh accounting profession. ACNABIN has successfully completed the following overseas assignments since its incorporation such as Qinghai Micro-credit program in China, Korea's DPR accounting service contract. Nirdhan, Nepal, financial analyst for operation performance Funded by World Bank-CGAP, analysis of capacity contract by Micro-finance Institution, Kuala Lumpur, Malaysia, Verification of the Rural Credit Operations Financial and Accounting Program of Bhutan BDFC, Thimphu, Bhutan.

ACNABIN conducted an International Internship Program in Bangladesh during October-November 2001 for two employees of the Bank of Indonesia, Indonesia on External Audit of the Microfinance Institution.

## 2.8 Services Offered by ACNABIN

<b>Audit &amp; Assurance</b>	<b>Tax &amp; Legal advice</b>	<b>Advisory</b>	<b>Consultancy</b>
Statutory audit	Corporate & individual tax planning	Preparation and filing of annual return	Management accounting service
Internal audit	Personal income tax	Preparation of AGM minutes	Management consultancy
Special audit	Deferred tax computation and application	Maintenances of statutory records	Structured financing advisory
Cost audit	Indirect tax	Increase of share capital	SOP
Compliance audit	Capital gain tax	Change of company name	Fixed assets management
Forensic audit	Tax assessments and appeals	Change of Articles & Memorandums	Project valuation
Management audit	Preparation of income tax return	Management of litigations	Inventory management
Performance audit	International tax service	License issues	Payroll management
Interim audit	Tax investigations	Legal notice	Process investment services

*Table 2 Services Offered by ACNABIN*

## 2.9 Relevant Experience of ACNABIN

ACNABIN has a wide range of experience in manufacturing companies conducting both statutory and special audit. These experiences have created the right kind of base of knowledge and resources to successfully perform this type of assignment. Listing the names of the RMG companies in which ACNABIN carried out the audit:

- Berger Paints Bangladesh Ltd.
- VIP Industries Bangladesh Ltd.
- LG.
- GE Healthcare.
- Walton Hi-Tech Industries Ltd.
- Urmi Group.
- Daeyu Bangladesh Ltd.
- Sam Ree Dyeing BD Ltd.
- HP chemicals Ltd.
- Sarah Composite Mills Ltd.
- Matin Spinning Mill Limited.
- Ranks Petroleum Limited.
- International Trimmings & Labels Bangladesh Private Ltd.
- PepsiCo.

## Chapter 3

### Special Audit Procedure

#### 3.1 Special Audit Methodology

While explaining the Special audit protocols adopted by ACNABIN, I tried to focus on the engagement process by which the company recruits ACNABIN to perform the audit. ACNABIN faces three types of communication phases such as:

- Commitment to new client.
- Commitment to existing customers.
- Appointed directly by client.

Many letters are exchanged between ACNABIN and client before the audit work begins.

**For new client**, four letters shall be exchanged between ACNABIN and the client, including the letter of acceptance at the time of the new client's involvement. ACNABIN and company follow the following stages:

#### **Client requires for technical and financial proposal from the ACNABIN**

Client usually gives the newspaper circular or explicitly requires the audit firm's proposal for audit. They ask the audit company to request a quote for the value of performing the client's audit in the case of a direct bid. We also note the specific date for approving the audit firm's decision and the audit completion date. In the form of attachment, the company firm addresses the key areas of the audit. This means that if ACNABIN audits the business of the applicant, it will provide the prescribed terms of reference for the execution of the audit.

### **ACNABIN sends the financial and technical plan to the client**

Upon evaluating the letter of the client or the circular of the report, the audit firm must draw up a letter of proposal for the client. The letter of the proposal includes a technical and financial plan to carry out the audit. ACNABIN estimates its staff costs after taking into account the mandates to be used and using the minimum hourly fee rates as prescribed by the Bangladesh Institute of Chartered Accountants (ICAB). The organization also states that the price may vary with variance in the number of mandates expected to be used for the job, as it an estimate.

### **Client approval on the basis of ACNABIN's offer – Letter of contract**

After receiving letters from different audit firms, the client then selects the one that favors them and appoints the audit firm for the proposal of the audit. Through ACNABIN's technical and financial plan, the company understands the essence of the audit (such as autonomous, external) to determine the internal control process of the entity in the management of the audited matter.

### **A letter from ACNABIN is sent to the client to confirm the work with the entity**

#### **Confirmation letter**

Upon receiving the acceptance letter from the client, ACNABIN will provide confirmation letter explaining the readiness of the company to work with the customer.

**For existing client,**

ACNABIN and client exchange three letters:

- i. Letter of willingness to reappointment: ACNABIN wants to audit this year in this letter. It may request that audit fees be increased or other conditions be changed.
- ii. Client sends a letter of appointment.
- iii. It is accepted by ACNABIN.

**For Appointed directly by client**, if the client is interested in working with ACNABIN, then they directly send a letter of appointment to the organization that comprises all the terms and conditions. If the ACNABIN accepts all the term and conditions, it approves the appointment and sends a letter to the company as an auditor.

## 3.2 Special Audit Procedure Followed By ACNABIN

The following procedure is formed and maintained by ACNABIN for Special Audit purpose:

### 3.2.1 planning

- Contacting with organization's management to set a suitable time schedule for review.
- Holding an entry meeting with the management.
- Knowing the exact nature and magnitude of the operation of the company and also the job coverage of different operational departments by the management audit scope.
- Planning to complete the assignment in a timely and efficient manner.
- Team formation: a team with a sufficient number of employees will be appointed for the assignment, who will work on a need-based basis in the head office and factory.



The above team would be closely supervised in their day to day activities by a manager and engagement partner.

- Preparing work programs for the assignment as per the engagement partner's direction; providing the team with orientation of the assignment at each point i.e. preparation, field work and reporting.

### 3.2.2 Field Work

- Review various documents such as SOP finance and account manuals and other data per work program, checklist, above-mentioned scope of description etc.
- Interview with the company's staff concerned and other applicable senior management.
- Any third party may be interviewed with the permission of the company's management concerned.
- To identify the weak areas, critical verification of policies, system books, accounts and other relevant registers and documents.
- Conduct other verification for the group according to the work program and on the training.
- Conduct verification by the third parties where appropriate, with the consent of the company's management concerned.
- Preparing work papers and other reports to endorse statement and recommendations.
- Hold management meeting to review findings and proposals and decide on the timeline for the recommendation to be implemented.

### 3.2.3 Reporting

The reporting process would be as under:

- i. A draft report with the following sections for each findings/observation-
  - ✓ Observation

- ✓ Cause / Reason
  - ✓ Effect / Consequence
  - ✓ Recommendation
  - ✓ Management Response
- ii. A final report at the conclusion of the field work in a detailed descriptive form.
  - iii. First prepare a draft report for reporting and be reviewed by the engagement partner and then finalize the report after discussion with or receiving feedback from management and partners' final review.

### 3.2.4 Identify Overall Work Process

Then it comes to the actual auditing process after finalizing the agreement with the respective company. As an independent member of Baker Tilly, ACNABIN mainly follows international audit standards.

In the preparation of documents, ACNABIN meets International Financial Reporting Standards (IFRS) and International Auditing Standards (IAS). On the other hand, ACNABIN applies Generally Accepted Accounting Principles (GAAP) to review the financial statements and other problems. Following procedure are given below:

#### **i. Errors**

Auditors may find errors that have occurred in records to provide reasonable assurance. This is the result of the audit-practice manual scheduling. In the case, accidental errors are called errors. The first and foremost factor in determining overall goals in the identification of product errors. The audit team needs to determine the nature of assets and liabilities. They need to find out recording date, match reliability. Errors may occur for different reasons. It may be incorrect to obtain and analyze accounting information from the financial statements. Accounting figures may be inaccurate and mistakes that inevitably occur due to misuse of accounting principles.

## **ii. Irregularities**

Maintaining consistency is the most important thing is keeping accounts. Problems are related to the accounting manual's hazard and materiality. Any problems, which may be substantive, must be found in this audit phase.

## **iii. Efficiency**

Efficiency is the key element of audit. In a very short span of time, auditors must review a full-year financial statement. By this stage, this must be ensured. There may be different ways to find out how to do the audit efficiently.

### **3.2.5 Gather Information and Evaluate**

Firstly, recognize the business. Auditors will recognize the company's sector and the company's existence. By doing so, they will also be able to know the goals, tactics and associated risk. They will then find out about the external factors and the company's financial reporting framework.

Secondly, auditors will evaluate the history and operating system specifics of the business of the client in order to gain overall understanding of the organization and activities of the firm. They will then find out about the external factors and the company's financial reporting framework. It will also concentrate on indicators, financial performance and accounting policies. Finally, it is necessary to check internal control. If the internal control is good, the threat will be minimal.

### **3.2.6 Internal Control Questionnaire**

It is very important to understand and evaluate the Special audit in order to understand the internal control system. Auditors had to evaluate and test the internal audit work for this

purpose. It must be checked whether or not the internal auditors are technically sound, the work is properly reviewed and supervised by an efficient person, the consistency of the reports etc.

The sample questionnaire is given below:

Planning				
No.	Description	Ref.	Y/N	N/A
	Has the management established tactics to achieve stated goals?			
	Do these plans describe clearly purposes to be achieved, the methods to be used, how resources are prepared and time line for accomplishment?			
	Do these tactics include financial budgets?			
	Does the planning process require feedback from professional personnel?			
	Are these tactics communicated to personnel responsible for implementing them?			
	Are the plans changed into specific tasks that are assigned to specific personnel?			

Control Environment				
	Integrity & Ethical Values			
No.	Description	Ref.	Y/N	N/A
	Does the governing body or top management have accepted formal guidance and standard operating procedures?			

	Does the company have an ethical code of conduct made available to all staff?			
	Have transaction been implemented in accordance with integrity and ethical values/codes?			
	Are process registered, kept up-to-date and accessible for all workers to use?			
	Commitment to Competence and Excellence			
No.	Description	Ref.	Y/N	N/A
	Is accountability clearly defined in writing and communicated?			
	Does the management recognize knowledge and skills required to complete tasks?			
	Does the management get involved in training?			

Sales				
No.	Description	Ref.	Y/N	N/A
	Who is responsible for giving consumers cash or special discount to customers?			
	How to reconcile the record of external goods with the orders, challans and invoices?			
	What action is being taken against consumers who default?			
	How are the duties segregated among different persons for recording sales, maintaining accounts of customers, procuring orders from customers and dispatching goods?			

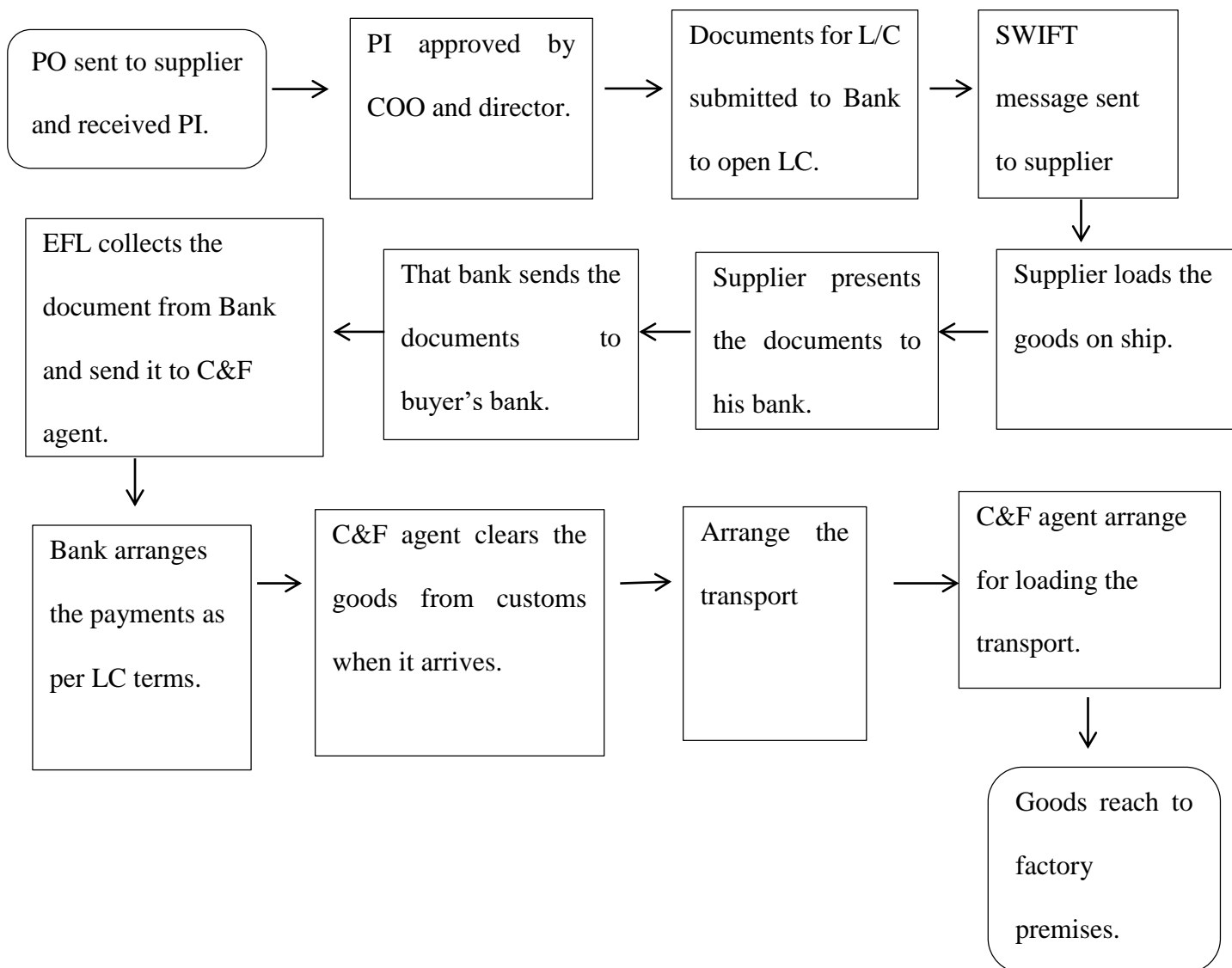
Payroll				
No.	Description	Ref.	Y/N	N/A
	Are employees required to maintain attendance records?			
	Do attendance records contain sufficient detail on work assignment for labor cost distribution purposes?			
	Are attendance records approved by supervisors before submission to payroll department with direct knowledge of actual time worked?			
	Are the employees paid for Vacation or Sick Time in advance?			
	Are accumulated leave records reviewed at year-end?			

Table 3 ICQ

### 3.2.7 Create Flowchart to Determine Overall System

Firstly, the special audit team conduct a meeting with all departments' concern person to understand the overall working system or procedure of the company. They create flowchart after completing previous part of this report to understand the organogram of the Company according to ACNABIN's scope or work. For the confidentiality, I could not attach the scope of work in this report. The internal working process flowchart sample is given below:

Import process:



### 3.2.8 Writing Down the Observation

After finishing previous steps auditors sit to write down the overall observation for each finding. This observation is written down in two part:

- a) Head office level
- b) Factory level

Sample of this observation list is given below:

Serial	Observation (Head Office Level)	Area	Significance	Page Number
	<p>The following observations are related to standard Fixed Asset Policy:</p> <ol style="list-style-type: none"> <li>1. Do not have any written PPE (policy for property, plant and equipment) acquisition, capitalization, depreciation and derecognition.</li> <li>2. Assets are capitalized at the date of opening L/C due to lack of proper document.</li> <li>3. There is no fixed asset custodian.</li> <li>4. There is no threshold amount to recognize asset.</li> <li>5. There is no independent check of calculations of profit or losses on disposal of fixed asset.</li> </ol>	Fixed Asset		



	<p>The following observations are interrelated:</p> <p>6.No fixed Asset register is available.</p> <p>7.Depreciation was not charged on newly added asset in 2018.</p> <p>8.Physical verification is not done regularly to check the existence of FA.</p>	Fixed Asset		
	<p>The following observations are interrelated:</p> <p>9.All the assets are not tagged and listed properly.</p> <p>10.The assets owned by company (not leased or rented) are not being identified properly.</p>	Fixed Asset		
	No Asset movement register.	Fixed Asset		
	No report is prepared for assets believed to be missing or vandalized.	Fixed Asset		
	<p>These observations are inter-related and about Purchase and Accounts Payable:</p> <p>11. Purchases are not recognized at the time of getting control.</p> <p>12. Payables are not recorded on time.</p>	Purchase and Accounts Payable		

Table 4 Observation Checklist Head office

Serial	Observation (Factory Level)	Area	Significance	Page Number
	Fabric of a particular style was physically found in excess over its recorded quantity.	Inventory Store		
	Fabrics of different styles have been placed together without any proper segregation.	Inventory Store		
	Fabrics of a particular buyer has been placed in another buyer's rack.	Inventory Store		
	In a particular case, bin card was not discovered.	Accessories and Fabrics Store		
	Bin cards in the Fabrics Store are not maintained appropriately.	Inventory Store		
	All stock in hand and other related reports of the Inventory Store are maintained in Microsoft Excel instead of any inventory management software.	Inventory Store		
	A type of accessory (Care Size Label) was physically found in excess over its recorded quantity.	Accessories Store		
	The manual register used by the Cutting Section for recording received fabrics does not include fabrics style.	Cutting Section		
	Sewing Section does not maintain any report for items being issued to the Finishing Section.	Sewing Section		
	Machines were not found according to the list of Industrial Engineering (IE) in sample basis physical counting.	Fixed Asset		

*Table 5 Observation Checklist Factory*

The observation criteria are explained with a brief discussion. So that the organization can recognize the findings and can implement those for their better operations.

In addition, ACNABIN assess the risk of overall management functions and provide necessary recommendation. Sample of detail write up is given below:

<b>Fabrics of different styles have been placed together without any proper segregation</b>
<b>Details</b>
<p>As per the common practice of the fabrics of various styles are put in the same rack and using a piece of cloth in between, the various fabrics must be clearly distinguished from each other. We found several cases during our factory tour where fabrics belonging to different types were stored together without proper segregation.</p>
<b>Risk Assessment</b>
<ul style="list-style-type: none"> <li>• Indicates failure in the inventory management and reporting process of the company.</li> <li>• Problems may occur when looking for the fabric that will waste valuable time.</li> <li>• It may go against buyer’s requirements.</li> </ul>
<b>Recommendation</b>
<p>The store management needs to ensure that different fabrics put together are properly separated as per their policy.</p>

*Table 6 Detail writeup sample*

## Chapter 4

### Experience as an Intern

There is no specific job for an intern at ACNABIN Chartered Accountants. After joining the firm, I was placed as an Audit intern in a special audit team in a ready-made garments company.

As part of the team, I was responsible for evaluating the different aspect of the company's internal control such as financial statements and trail balance cross check, checking journal voucher of 2018, preparing ICQ, listing observation and write down the details of those observation as discussed in this report in the earlier part of this report. I also responsible for arranging and preparing meeting with client along with our team and meeting minutes.

Furthermore, I was instructed by my supervisor to pay a visit in manufacturing facility of our client to collect data related to production which are necessary for our special audit purpose.

## Chapter 5

### Recommendation

- Before going to the client, the supervisor or the manager should give all members of the audit team a brief idea about the business of the client.
  
- It must be ordered and properly instructed to oversee the work of his juniors in charge of an audit.
  
- The client's superior authority must order or advise the management to provide necessary documents to the auditors the required documents.
  
- Work programs must be introduced properly to the juniors and must be followed in each audit engagement as much as possible.

## Chapter 6

### Conclusion

In order to keep up with the energetic competitive corporate world, businesses need to ensure that they operate with 100 percent honesty and a seamless business process. As a result, each company needs to confirm that it has a very clear and effective internal control process. If it is not managed, the risk of untrue activity, needless costs and other possible economic and ethical activities within the company could affect the firm's bottom line. Therefore, special audit plays a major role in ensuring that this system of core control remains as it should be and focusing on the future development of the company. Currently, the special audit process is a vital part of the business. Lastly, in my 12 weeks of internship period I learned a lot. I personally feel, this sector should be explored by more students. This field will not be able to gain momentum without the assistance of good resources.

## References

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## Appendix

### List of Journal Voucher

1. Voucher number and date.
2. IAD approval.
3. Approval of CEO/GM.
4. Voucher number.
5. Accurate particulars name.
6. Accurate value posted.
7. IAD approval is delayed or not.
8. Requisition (item code, date, approval and department)

### Journal entries for L/C Charges (Import/Export):

The expense includes the charges incurred concerning L/C which are issued for both import and export purpose. Frequent charges include L/C amendment charge, Bank Commission

against realization of L/C at maturity and others. The following appropriate entries into the accounting system:

Bank Charge (Bank Abbreviation, e.g. BBL)- DR.

Particular Bank a/c / Receivable from Export Sales- CR.