

Report On

Internal audit practices and process development of Manufacturing Company: Evidence from  
URMI Group

By

Kazi Israk Ferdaous

18204041

An internship report is submitted to the BRAC Business School in partial fulfilment of the  
requirements for the degree of Bachelor of Business Administration

Brac Business School (BBS)

Brac University

November 2022

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## **Declaration**

It is hereby declared that,

1. The internship report submitted is my original work while completing my 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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Kazi Israk Ferdaous  
ID:18204041

**Supervisor's Full Name & Signature:**

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Dr Md. Kausar Alam  
Assistant Professor  
BRAC Business School.  
BRAC University

## **Letter of Transmittal**

3 November 2022

To,

Dr Md. Kausar Alam

Assistant Professor, BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report on " Internal audit practices and process development of Manufacturing Company: Evidence from URMI Group”

Dear Sir,

A document captioned "Internal audit practices and process development of Manufacturing Company: Evidence from URMI Group" is included throughout this report. This is crucial in the context of the BBA. I appreciate you allowing me the opportunity to take part in the BRAC Business School internship program under your supervision. Learning under your guidance was both a delight and a challenge for me. Moreover, it was pleasant to work with ACNABIN Chartered Accountants. The report has also been simplified to the best of my ability into a compact and thorough summary that covers the crucial details as well as some suggested next steps.

Finally, I would like to express my sincerest gratitude for all your help with this report's preparation. I had already worked very hard to ensure that the finished report includes all relevant recommendations and information in the most precise, accomplished, and rigorous manner possible.

Sincerely yours

Kazi Israk Ferdaous

ID:18204041

BBA Program

BRAC Business School

BRAC University

## **Non-Disclosure Agreement**

This agreement is made and entered into by and between ACNABIN Chartered Accountants. and the undersigned student, Kazi Israk Ferdaous, of BRAC University.

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Kazi Israk Ferdaous

ID:18204041

BBA Program

BRAC Business School

BRAC University

## **Acknowledgement**

This gives me immense satisfaction to acknowledge the guidance, assistance, and work of informed individuals to whom I extend my gratitude; It would have been impossible to complete my report without them.

Firstly, gratitude to my highly regarded supervisor, Dr Md. Kausar Alam Assistant professor of BRAC University, for providing clear guidance and assistance on this coursework. He has constantly offered vital suggestions for the completion of this project.

Moreover, thanks to my co-supervisor Dr Faruk Bhuiyan for his feedback on my project proposal which helped me to organize this report flawlessly.

I would like to express my sincere gratitude to ACNABIN personnel for their ongoing support and guidance. Finally, I would want to express my gratitude to one of my esteemed Supervisors, Kamrul Hasan Nahid, for his invaluable guidance on how to improve my auditing expertise. None of this would have been possible for me in this brief period without his help, which was tremendous.

## **EXECUTIVE SUMMARY**

This report titled “Internal audit practices and process development of Manufacturing Company: Evidence from URMI Group” demonstrate an internal audit experience in a manufacturing company named URMI Group and establishes their internal process on behalf of ACNABIN Chartered Accountants.

The second part of the report focuses on the company where I performed. For a period of 12 weeks, URMI Group served as my client. I tried to include the Audit Practice Manual (APM) stages in this section and talked about a few things I was only allowed to reveal. This section also includes the lessons I discovered and the obligations I had to meet throughout the audit. Moreover, the process development and ERP system are described thoroughly.

Lastly, the project part which describes the benefits of internal audit and how it helps a manufacturing company to grow more effectively and efficiently. Moreover, it portrays how an internal audit can prepare a better work process framework for the company and reduces accounting record errors.

**Keywords: Internal Audit, External Audit, Process Development, Accounting Practice, Financial statement.**



# **ACNABIN**

*Chartered Accountants*

Source: <https://www.acnabin.com>



*urmi*

## **Leading RMG Manufacturer**

Welcome to Urmi Group, one of the leading readymade garments manufacturers in Bangladesh that is actively redefining the industry standards of production performance, innovation and growth



Source: <https://www.urmigroup.com>

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## **List of Acronyms**

AI: Internal Audit

B.B.A: Bachelor of Business Administration

APM: Audit Practice Manual

ERP: Enterprise resource planning

NOC: No objection certificate

SOP: Standard Operation Procedure

SOD: Scope of Development

ICAB: The Institute of Chartered Accountants of Bangladesh

IAF: Internal Audit Function

IAD: Internal Affairs Division

UNFPA: United Nations Population Fund

CIDA: Canadian International Development Agency

WFP: World Food Programme

DFID: Department for International Development

ILO: International Labour Organization

FAO: Food and Agriculture Organization

IFAD: International Fund for Agricultural Development

SIDA: Swedish International Development Cooperation Agency

USAID: The World's Premier International Development Agency

ODA: Official development assistance

ISPPIA: International Standards for the Professional Practice of Internal Auditing

## **1.0 Internship Outline**

### **1.1 Information of the Student**

Name of the Internee: Kazi Israk Ferdaous

BRACU ID: 18204041

Degree Program: B.B.A (Bachelor of Business Administration)

Majors: Finance

Minor: Accounting

### **1.2 Information about the Internship**

#### **1.2.1 Period and Company Info**

Period: 12 Weeks (3 Months), From 7 June 2022 to 7 September 2022

Company Name: ACNABIN Chartered Accountants

Address: BDBL BHAVAN;12, KARWAN BAZAR, 1215 Dhaka, Dhaka Division, Bangladesh.

#### **1.2.2 Internship Workplace Overseer's Info**

Name: Kamrul Hasan Nahid

Position: Senior Assistant Manager, Audit and Consultancy

#### **1.2.3 Job Responsibilities**

AT URMI Group, I was mainly responsible for two sections which are Transportation and land audit. In addition to that, inventory counting and factory visit was my secondary responsibility. This might sound less but there was a wide range of work and scope of learning as well.

A few days after being familiar with the work environment and systems I was assigned to audit their transportation department. I have developed 2 processes for renting a vehicle and purchasing a vehicle. Moreover, make a list of their own and rented vehicles with all the necessary information. After that, I checked all the relevant journals and vouchers and give my observation upon discrepancy. Along with that, I visited their factory and stay there also a week. In addition to this, I have responsibility for the land purchase procedure and audit.

### 1.3 Weekly Journal

Work Schedule		
Week 1	SL No.	Description
	Day 1	Getting familiar with the office environment
	Day 2	
	Day 3	Visit different department of the HO
	Day 4	
	Day 5	Assigned to URMI Group for internal audit

*1-0-1 Week-1 Work Schedule*

On my very first day at the office, one of my seniors received me at the workplace and introduced me to other colleagues. First two days I get the opportunity to know different aspects and stories. My colleagues were friendly and briefed me about a lot of things. After that, my manager took me to different depart of the office and described their functionality. Lastly, at the end of the week, I was assigned to the URMI Group for an internal audit and instructed to continue at URMI Group.

Work Schedule		
Week 2	SL No.	Description
	Day 1	Review previous quarterly audit report prepared by internal audit team
	Day 2	
	Day 3	Learn basics of IAS and IFRS
	Day 4	
	Day 5	Get familiar with the Asset Register Process

*1-0-2 Week-2 Work Schedule*

At URMI Group, first two days I read their quarterly report to understand the core purpose of their work and what value it provides to the company. After that, I learned about the basics of IAS and IFRS to relate them to my task. Finally, I have seen how the company register their asset and uniquely identifies them to locate and evaluate them.

<b>Work Schedule</b>		
<b>Week 3 &amp; 4</b>	<b>SL No.</b>	<b>Description</b>
	<b>Day 1</b>	Data extraction and compilation
	<b>Day 2</b>	
	<b>Day 3</b>	
	<b>Day 4</b>	
	<b>Day 5</b>	Learn to operate ERP (Oracle)
	<b>Day 6</b>	
	<b>Day 7</b>	
	<b>Day 8</b>	
	<b>Day 9</b>	
	<b>Day 10</b>	

*1-0-3 Week-3&4 Work Schedule*

From week three I start working. Initially, I extracted data from different sources like vouchers, deeds, and a log book. Later, I compiled them and organized these data in an excel file. Moreover, I analyzed these data in a meaningful way to check increases in cost and other things. Later that week and the next, I learned URMI's ERP software "Oracle". Where they preserve almost every possible document like GL, ledger, voucher, and bills.

<b>Work Schedule</b>		
<b>Week 5 &amp; 6</b>	<b>SL No.</b>	<b>Description</b>
	<b>Day 1</b>	Develop and review land purchase process
	<b>Day 2</b>	
	<b>Day 3</b>	
	<b>Day 4</b>	
	<b>Day 5</b>	
	<b>Day 6</b>	
	<b>Day 7</b>	
	<b>Day 8</b>	
	<b>Day 9</b>	
	<b>Day 10</b>	

*1-0-4 Week-5&6 Work Schedule*

Moreover, I have prepared a crucial process for the company which is the land purchase process. It is the steps that the company must follow to purchase any land. Proper due diligence and making people accountable for their action was the main goal of this. The purchase must be done in many steps so that every concerned person knows about it and ensures the right use as well.

<b>Work Schedule</b>		
	<b>SL No.</b>	<b>Description</b>
<b>Week 7 &amp; 8</b>	<b>Day 1</b>	Field visit and inventory counting at URMI Group's factory
	<b>Day 2</b>	
	<b>Day 3</b>	
	<b>Day 4</b>	
	<b>Day 5</b>	
	<b>Day 6</b>	
	<b>Day 7</b>	
	<b>Day 8</b>	
	<b>Day 9</b>	
	<b>Day 10</b>	

*1-0-5 Week-7&8 Work Schedule*

I went to Gazipur on the 7<sup>th</sup> week of my internship and stay about 2 weeks there at the dormitory of URMI Group for factory visits and inventory counting purposes. Our team had 6 members including myself and we counted yarn, grey fabric dyes chemicals, and finished garments. Furthermore, we have inspected different parts and areas of the RMG factory like the seamless, grey store, and dyeing machine. Lastly, we prepared the counting and observation sheet and hand over to the factory manager during the exit meeting.

<b>Work Schedule</b>		
	<b>SL No.</b>	<b>Description</b>
<b>Week 9 &amp; 10</b>	<b>Day 1</b>	Develop and review vehicle purchase process and rent process
	<b>Day 2</b>	
	<b>Day 3</b>	
	<b>Day 4</b>	
	<b>Day 5</b>	
	<b>Day 6</b>	
	<b>Day 7</b>	
	<b>Day 8</b>	
	<b>Day 9</b>	
	<b>Day 10</b>	

*1-0-6 Week-9&10 Work Schedule*

My first land purchase process got appreciation and I have been assigned to another two-process development which was the vehicle purchase and rent process. URMI Group must obtain lots of vehicles for official purposes. That is why purchasing and renting a vehicle is quite frequent there. I have prepared a framework for vehicle purchase and cost analysis for rental vehicles as well. After the rent analysis got accepted and approved by the CFO, I prepared the Vehicle rent process.

Work Schedule		
Week 11	SL No.	Description
	Day 1	Prepare quarterly report and review the report
	Day 2	
	Day 3	
	Day 4	
	Day 5	

*1-0-7 Week-11 Work Schedule*

The goal of our audit was to report to the MD about the discrepancy we found during our factory visit along with inventory counting and suggesting improvement. We do that through a quarterly report which we explain and deliver during a meeting with the high officials.

Work Schedule		
Week 12	SL No.	Description
	Day 1	Compile and compressed all the working files
	Day 2	
	Day 3	Brief another intern about the work process
	Day 4	Handover all the workings
	Day 5	Farewell

*1-0-8 Week-12 Work Schedule*

Finally, I have organized all my workings and compressed that into a folder for future reference. Moreover, I passed the work to another intern and briefed him about the work and its future use. Additionally, I have informed my manager and taken NOC. Lastly, I got a harmful farewell from my colleague on the last day at the client as an intern.



## **1.4 Conclusions of Internship**

### **1.4.1 Contributions of the student to the firm**

I have prepared three processes as per standard practice. Firstly, the Land purchase procedure. After that the vehicle purchase and rent procedure. Companies must have a standard process of work that they must follow to make the work flawless and keep people involved for accountability. That is why things must be done in many steps and approval from one department to another will cover the double-checking aspect. I have contributed to that area. Moreover, I went to the Gazipur factory to inspect their work and environment. In addition to that, I have counted the inventories to ensure the correct financial statement figures and planning. Lastly, I have preserved and handover all my work for future use to ensure the company's well-being.

### **1.4.2 Experience**

Throughout the internship, I have gathered a sensible experience of being punctual, mannered, responsible, and surprising joy in applying academic knowledge in real life. This was my first-time job environment experience which was super exciting and challenging simultaneously.

On the very first day in my office, I was feeling a bit shy and my voice got dim. I was so confused about what to do and what not to do. Eventually, I started to like the environment and people. Also receiving calls from my mother in a short while because she was also worried. However, that period does not stay enough. My wonderful colleague makes me feel at home.

Moreover, the first day at URMI Group was an unforgettable chapter for me. One of URMI's employees had received me and addressed me as Sir. I went to the office and he showed me a separate room reserved for auditors only. Needless to mention that I went too early that day. Shortly, another staff served me water and tea. After a while, my colleagues were coming one by one and gave me previous reports for reviewing. The journey was smooth and enjoyable.

After learning a few fundamentals, I started with my task and it became more engaging for me. I was asked different questions and tried to apply my academic knowledge there. I got support from my manager and colleague in this regard. Besides that, I got appreciation as well which fueled my enthusiasm and tried hard to improve.

Again, the factory visit was another remarkable event of this internship. I stayed almost 2 weeks there and that was something I am going to remember for a long while. We had an intense work

schedule there as need had to cover counting 1200-ton grey fabric. Despite this, we enjoyed ourselves a lot at the dormitory. Moreover, the amount of respect an auditor gets often amuses me. Lastly, my internship period was a great learning opportunity for me and I believe I get solid corporate and auditing inside from this. It will help me to decide on my career path and my learning from this program will be there forever as my first job experience.

## **2.0 Chapter: Organization and Analysis**

### **2.1 Company Introduction**

ACNABIN Chartered Accountants was established in February 1985 to consistently enhance value by aiding clients in achieving their goals. The intention behind the establishment of the largest partnership firm during the period was to foster a culture of leadership, continuous learning, and collaboration. The company has developed into one of Bangladesh's best-known and most reputable chartered accounting firms with connections around the world.

Since its formation, ACNABIN has proffered management consultancy, market survey, financial consultancy, and review services to clients operating in Bangladesh's public, private and NGO sectors in the areas of industry, finance trade, education, social service, microfinance, agriculture, and health, as well as to numerous United Nations agencies and some other development agencies. Several federal and non-governmental groups have hired ACNABIN to offer consulting support and for projects supported by donors. The World Bank, UNICEF, UNFPA, CIDA, WFP, DFID, ILO, FAO, IFAD, SIDA, USAID, ODA, UNDP, European Commission (EC), UNCDF, Strome Foundation, KFW-Germany, CARE International, DANIDA, and Save the Children were just a few of the international institutions that financially backed several of those engagements.

## **2.2 Company Overview**

ACNABIN is indeed a multi-disciplinary firm thanks to its nine associates' competence in auditing, accounting, business consulting, review, business intelligence outsourcing, taxation, and technology solutions. Each of the partners offers extensive expertise in dealing with international consultancies and enterprises with local and foreign operations, both domestically and internationally. ACNABIN is considered as being one of the finest chartered accounting firms in Bangladesh and has a large presence in the relevant market. Ever since the company's founding, ACNABIN has offered clients (now numbering over 300) actively engaged in industry, microfinance, trade, finance, health, education, agriculture, and social services in both the private and public sectors across Bangladesh audit procedures, management consulting, financial reporting solutions, numerous evaluations, and tax consultancies.

ACNABIN began serving as the original Andersen SC's authorized representative in Bangladesh in 1992 and did so through July 2002. Moreover, it became affiliated with ASNAF-ASEAN Accountancy Firms, Singapore, in 2003 following the demise of Andersen SC in 2002. In addition to that ACNABIN has been a Baker Tilly International independent member business in Bangladesh since 2004. Baker Tilly International, which has 125 autonomous member companies across 147 nations, is the tenth-largest accounting network on the globe by fee revenue. Also, the firm has an establishment with Bangladesh Securities and Exchange Commission and is listed as eligible as a CA firm for Bank Audit by Bangladesh Bank. Further, ACNABIN is a member of the Metropolitan Chamber of Commerce and Industries, the American Chamber of Commerce in Bangladesh, and The Dhaka Chamber of Commerce & Industries. The Institute of Chartered Accountants of Bangladesh (ICAB) has registered ACNABIN members for the auditing profession. Following Section 58 (1) of the Partnership Act, 1932 (IX of 1932), effective from June 21, 1986, ACNABIN is registered with the RJS of Firms and companies under the number PF 27897/86.

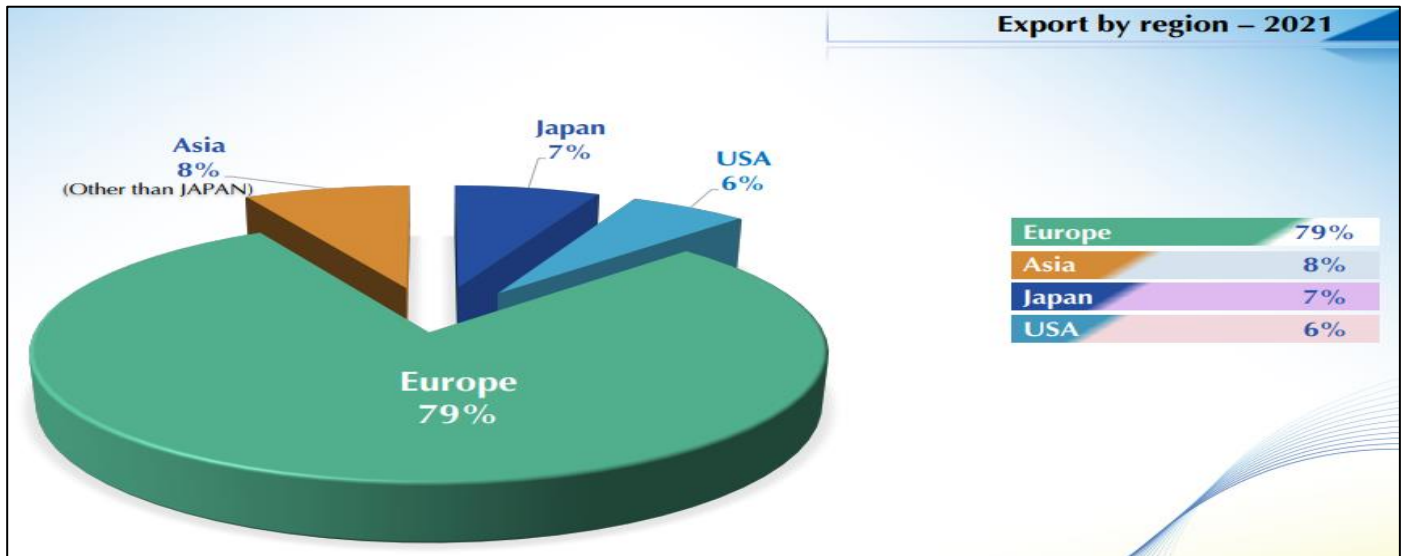
Moreover, ACNABIN is a Baker Tilly International network member company. One of the top global networks of independently owned and operated accounting and business consultancy businesses, Baker Tilly International is bound by a dedication to providing great customer service. Each day, more than 36,000 people from 146 different countries exchange experiences and knowledge to assist privately owned companies and organizations serving the public benefit in

overcoming obstacles and taking advantage of opportunities. Our approach to working is centered on having global service consistency and international competency. Each Baker Tilly International member company combines top-notch services with in-depth local expertise. They are specialists in a wide variety of business and trade areas. More than simply accountants make up our workforce. They start making it their mission to be aware of and comprehend their clients' long-term goals, foreseeing difficulties and preparing solutions as their clients seize chances. Four different geographic zones bring together independent businesses. Our business strategy leverages the power of the wide community to provide outstanding results to clients internationally by sharing resources and expertise.

### **2.3 Client Introduction**

The URMI Group is a diverse company that offers a range of goods and services to the garment and textile industries. It has established several benchmarks and milestones for the upcoming generations by providing value to clients with the best combination of quality, efficiency, and productivity since 1984. By determining their unique demands and converting them into high-quality solutions, they are dedicated to ensuring complete client satisfaction. They have knowledge-based products, qualified workers, and most significantly, the correct attitude to completely satisfy their clients. Achievement at URMI is a good sign of how strong the business is. With meticulous planning, the highly experienced management staff always takes the lead. Additionally, it features the most advanced technological equipment and machinery available. The team is committed to both ongoing product development and affordable prices. Making the planet a better place for future generations is important to URMI Group. Therefore, saving energy and lowering our carbon footprint are ongoing processes for us. And our factory received a "Green" rating from Accord structural audit. As a company, URMI sees itself as accountable to society. It does numerous CSR-related tasks, such as hiring, educating, and employing underprivileged individuals, including physically disabled and indigenous people.

## 2.4 URMI Group briefly



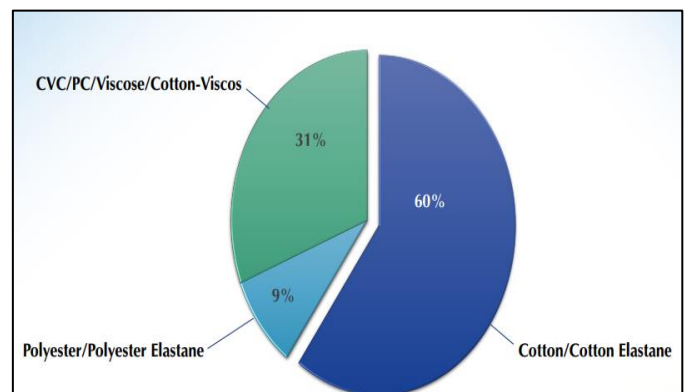
2.1 Export Region

- ❖ Makes 35 tons of fabric and 2,50,000 pc of apparel daily
- ❖ Employs over 13000 people
- ❖ Over 500 professionals from various disciplines
- ❖ Total investment exceeds US\$ 80 million
- ❖ Annual Export and total Turnover US\$ 228 million in 2021
- ❖ Oeko-Tex & GOTS certified
- ❖ Textile lab accredited by Marks & Spencer, Puma, Decathlon, H&M, ISO 17025

2-2 Operation



2-0-2 Turnover Trend



2-0-1 Fabric Types

Source: <https://drive.google.com/file/d/1p0LLYF-kGIwJ3B2hICVzQF-usmlM411q/view>

## Sporting Skill

### Our Sporting Skill in Textile Production includes

All Kinds of S/J, Rib, Interlock, Pique, French Terry, Brushed Fleece, Drop Needle, different type of design etc. on :

❖ 100% Cotton & Different blend of Cotton and Polyester	
❖ 100% Cationic Polyester & blend of Catanionic Polyester/ Normal polyester	
❖ 100% Lyocell (Tencel) and blend with cotton/Polyester	
❖ 100% Polyester	❖ 100% Modal
❖ 100% Linen	❖ 100% Viscose
❖ 100% Organic Cotton	❖ 100% Airy Cotton
❖ 100% Recycled Polyester	❖ Blend of Organic and normal Cotton
❖ Viscose- Elastane	❖ Cotton-Modal
❖ Polyamide- Elastane	❖ Linen, Cotton & Polyester blend
❖ Cotton -Elastane	❖ TC, CVC, PV, VP & CVP

#### Special Fabric

- ❖ Antiviral

We are Impregnable in producing Special Fabrics like :

Coolmax
Soil / Stain Release
Water Repellent
Silpur Finish ( Anti Bacterial )
UV Finish
3X dry finish
Polyjen

**urmi**  
group

### 2-0-3 Textile Production

## Milestones and incorporation years

1955	Fatulla Brick Field
1958	Stoneville Engineering Ltd
1974	URMI Navigation Limited
1979	URMI Shipping Company Limited
1984	URMI Garments Limited
1994	Attires Manufacturing Co. Limited
2002	Sets up FTML – the textiles unit ( Knitting, dying & finishing )
2006	FTML Stitching unit
2008	Dots & Marks ( Printing facility )
2012	Poly Corr-Packaging
2015	UHM Ltd A LEED certified green factory and a joint venture with Toray, Japan
2016	Seamless facility at FTML
2019	AgroSAL Ltd
2021	Urmi Garments Ltd (Relocation and capacity enhance of Urmi Garments Limited)
2021	Abul Ulaiya Spinning Limited (incorporate)

**urmi**  
group

### 2-0-4 Major Milestones

Source: <https://drive.google.com/file/d/1p0LLYF-kGIwJ3B2hICVzQF-usmlM411q/view>

## **2.5 ACNABIN's Strategic Intent**

ACNABIN Chartered Accountants wish to establish themselves as the industry leader who upholds the highest standards of professionalism and competence. We see further room for us to get engaged in other areas in the nation and the region even as we maintain a secure and reputable place in the market for telecoms, financial organizations, NGOs/NPOs, liaison offices and foreign branches.

### **2.5.1 Vision**

By being your Trusted Business Advisor, the firm goes beyond the conventional client and auditor relationship.

### **2.5.2 Mission**

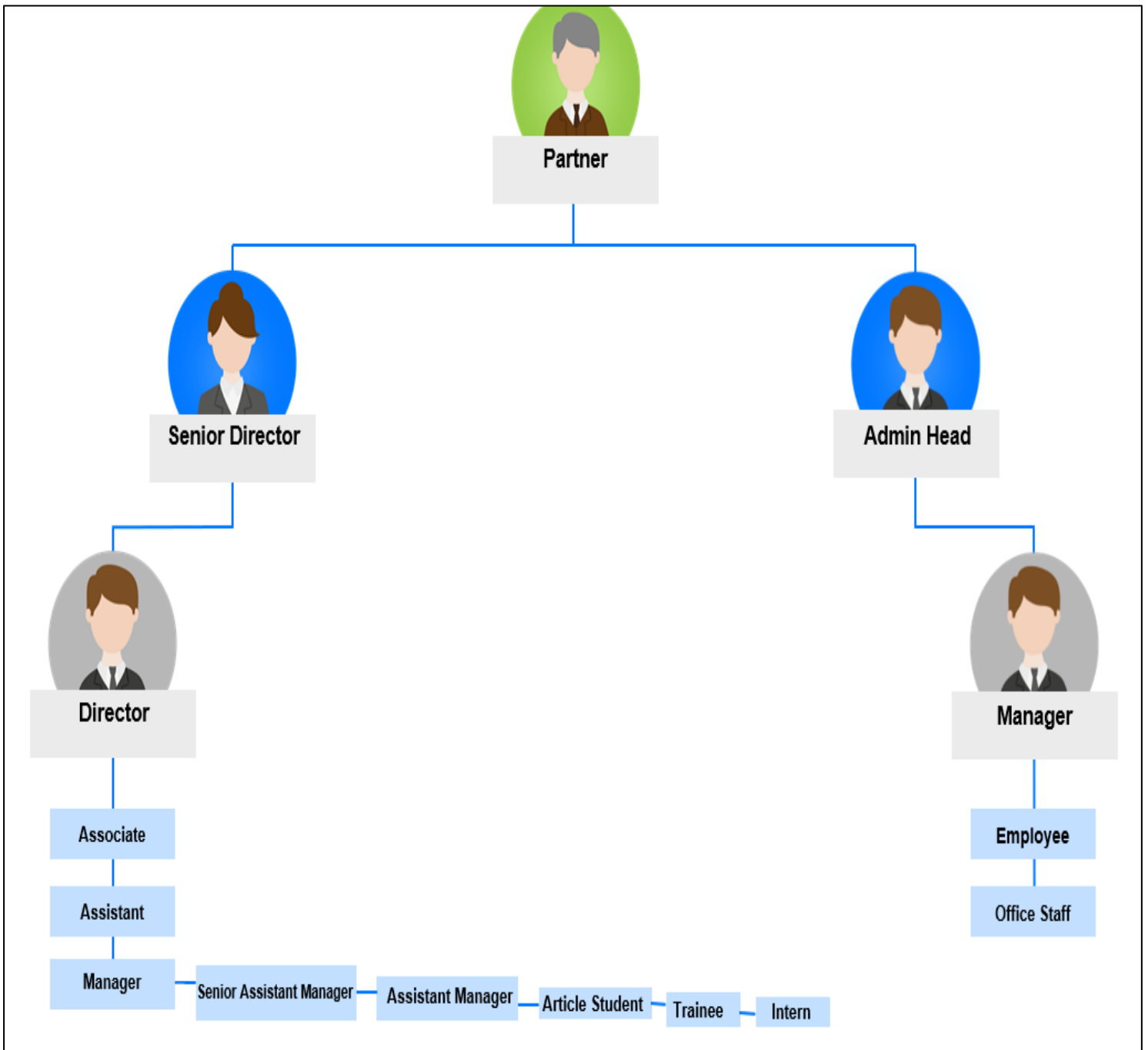
We uphold the most stringent client confidentiality standards. It is necessary for the upkeep of trust and the sensitive and competitive nature of proprietary information. On such foundational ideas, we have built our success. We make every effort to gain and maintain client trust.

## **2.6 Services**

ACNABIN offers a variety of audit services as a chartered accounting firm based on a deep comprehension of accounting standards that are relevant to the Bangladesh Auditing Guidelines and International Audit Standards. A suitable understanding of enterprise solutions, processes, and procedures is added to these. To provide our clients and their constituents with the necessary assurance, the firm is devoted to providing individualized, targeted service and recommending solution-based guidance. Its possibility audit strategy makes sure that the focus is on crucial business concerns that have an impact on the Financial Statements of the firm's clients. The firm's areas of expertise within the broad spectrum of auditing services;

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

## 2.7 Organogram



2-0-5Organogram



## 2.8 Business Model Canvas



2-0-6 Business Model Canvas

## **2.9 Management**

The firm consults others about management and must manage its affairs as well. Generally, CA firms are recognized as an association of persons. By name, it is understandable that human resources play the most important role here. To pursue a professional degree, one must work under a particular firm for 3 years. That student of ICAB conducts an audit on behalf of the firm. Later these students become ACA and FCA eventually if they pass. That's the reason leadership play a vital role here as they are going to be the future auditor. ACNABIN Chartered Accountants is one of the largest firms in Bangladesh and it has a huge operation which requires intense management to run smoothly.

In a hierarchal order, partners pass their knowledge and experience and it keeps forwarded to the students. CA firm has a culture of assigning separate tasks to the individual to establish their confidence and responsibility. Moreover, it helps the student to organize and apply their creativity to complete such tasks. They also do teamwork mostly while planning which makes the process more accurate. In short, a firm always tries to create a future leader and set its culture accordingly.

### **2.9.1 Recruitment**

Internal hiring: Finding and attracting individuals from within the organization is a key component of the recruiting process, and this typically happens through relationships and ties to previous employers. However, candidates have little choice but to endure the protracted testing process. ACNABIN Chartered Accountants mostly hire a student who completed the CC period in the firm. It is more convenient because they already know the work environment and process. That's why they can catch up immediately without any additional time and effort.

External hiring: CA firm generally rely on internal hiring but they also hire externally if the candidate has the potential to carry the firm's reputation. The audit team often cross path with other firms' audit team as a part of the work. Many recommendations also come from there as well. Both internal and external hiring is being done through VIVA.

Articles: As per ICAB student need to work under a firm for a specific period to get the professional certificate. The period is three years after graduation and four years after the higher secondary examination. In the case of ACNABIN Chartered Accountants, it takes a written test

and a VIVA before the trainee period. After that, the student gets registration if he/she performs well in this period.

### **2.9.2 Compensation Criteria**

The firm has decided it's the compensation into 3 parts. Firstly, the partners get a share of the profit after retaining earnings. After that, employees get the usual salary and bonuses as per firm policy. Lastly, the student however gets conveyance and allowance not salary and bonuses. Additionally, they get extra conveyance in case of field visits.

### **2.9.3 Marketing Culture and Target Group**

Generally, an audit is a B2B service but it becomes B2C as well when an individual consumes any service. The marketing strategy of the CA firm is a bit different because the customers are mostly Business entities. Usually, firms submit the proposal to the company after viewing their requirements. Later, the client decides on the firm based on different factors like reputation and fee. Moreover, Government institutions also fire a firm to audit their program and department chosen by tender. Here, CA firms work more with the company rather than individuals because an individual does not require a certified chartered accountant to submit their returns but the company does. In contrast, there is some classification regarding with a company or institution needs VAT and turnover registration in the law. That is why the firm focuses more on companies and institutions.

### **2.9.4 Value Proposition**

The financial statement is a face of a company to investors and creditors that's why an accurate and flawless report carries lots of importance. For that, the company and stakeholders want a reputable firm to be the auditor for accuracy and trustworthiness. Firms that work effective and efficient in a flat manner are recognized as Grade firms and ACNABIN Chartered Accountants is one of the top names here. Secure a place at the top list is proof of consistency, accuracy and professionalism which is maintained well by the firm. In addition to that, the partners also add lots

of value here as they sign the final report. Their reputation is also involved in it. Moreover, ACNABIN's International network Baker Tilly plays a vital role here to get contracts to form a multination company. Their assistance and assurance make the statement more reliable to the end customer. To conduct an audit in a foreign institute, it's important to have a global network of expertise as laws differ from country to country.

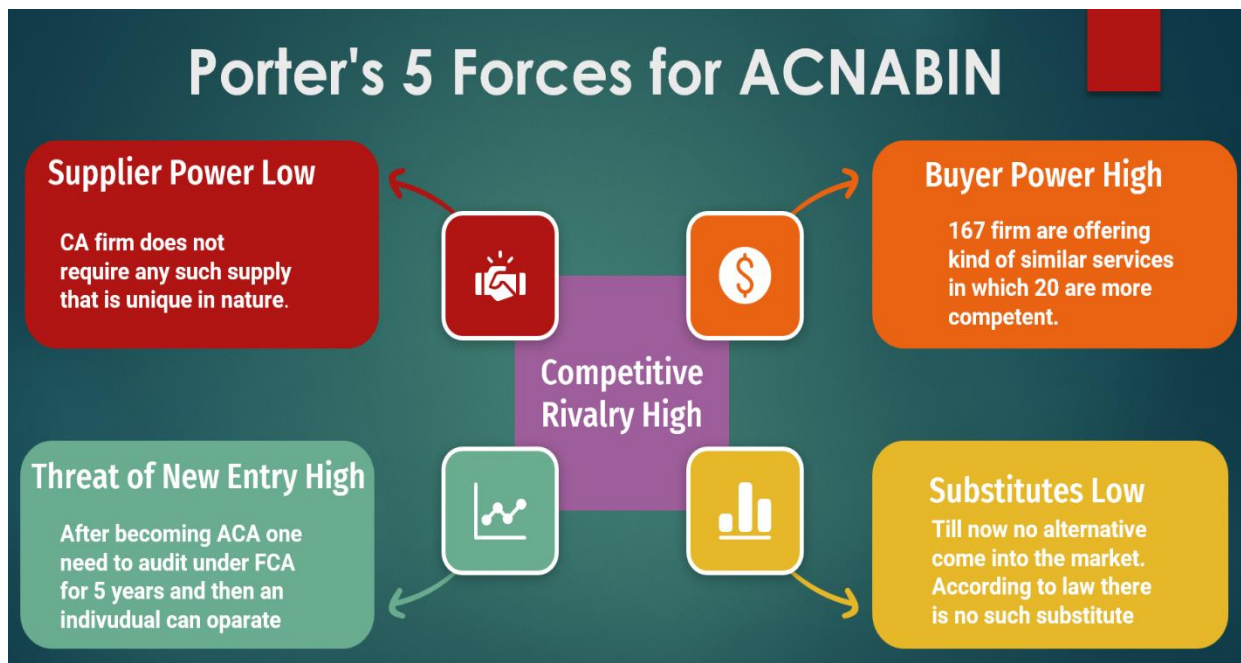
## 2.10 SWAT Analysis



2-0-7SWOT

A SWOT analysis can assist to emphasize all the factors that could have an impact on how well something works, how a choice is made, or how the market develops. There will also be recognition of and emphasis on potential problems and opportunities. Additionally, it supports the growth of awareness of various consumer interactions and how they affect brand awareness. When conducting a SWOT analysis, including both external and internal factors, or what is happening both within and beyond your company. It may highlight elements of your company that are hindering you or that, if left undefended, your competitors might use against you. Once you've found, documented, and assessed as many elements as you can, the optimal course of action will be clear.

## 2.11 Posters Five Factor



The number of competitors in an industry and their ability to reduce a company's goods and services are among the five factors that affect a company's strength. Suppliers' bargaining power is also influenced by how easily they may increase the cost of their goods or services. The likelihood of incumbent enterprises being harmed decreases with the length of time and cost required for a new competitor to enter a market. The ability of customers to lower prices or their level of power is one of the five criteria. The size of a company's customer base, the significance of each client, and the expense associated with acquiring new clients all have an impact.

## 2.12 Recommendation

- Increase the number of ACAs
- Set a reasonable conveyance for employee satisfaction
- Reduces the turnover through a proper compensation package
- Amplify the interaction of the students with partners for better learning
- Monitor the work environment to ensure work standards and expand the scope of the study

### **2.13 Conclusion**

Audit firms ensure proper accounting practices and standards which play a vital role in the world of business. To improve the company, need to set proper process and strong internal control that can be ensured by internal audit. Accounting practice and due diligence of Bangladeshi firms are comparatively good and management consultancy is also contributing a lot to the economy as well. A Few changes will bring light to this sector.

### 3.0 Chapter 3: Project Part

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#### *Internal Audit Practices and Process Development*

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### 3.1 Introduction

This research project, based on a study undertaken in Bangladesh, aims to evaluate the role of internal audit and process development in a manufacturing company. This report has been prepared based on secondary data and real-life observation along with internship experience. It identifies the internal audit accountability structures and priorities, takes into consideration the characteristics of internal audit activities and the degree to which The Institute of Internal Auditing Standards of Professional Development are applied, evaluates the general state of the business, and determines the types of risks associated with financial reporting and other topics that internal auditors encompass. Regulations and the general public have given corporate governance a considerable amount of attention in the wake of corporate failures and the global economic crisis. Rising disclosure requirements of internal control have been the focus of regulatory responses, which has raised awareness of and increased demand for an internal control system, including internal assurance on corporate governance systems and processes.

Professional auditing standards acknowledge that internal auditors may make a significant contribution to the financial statement audit by collaborating either as assistants under the close oversight of the external auditors or autonomously during the audit year by performing relevant and important work that the external auditors can rely on like asset valuation. Moreover, the notion that auditors can only handle the accounting aspect of a company declined a long ago. The internal auditors get priority in process development and developing SOP as they have both company insight and assurance knowledge. Although it is not yet obligatory in Bangladesh for organizations to have an IAF. There are various components of the International Standards for the Professional Practice of Internal Auditing ISPPIA that relate to the assessment of the IAF. According to Ascribe Standard 1300, the company is required to create and manage a quality improvement and assurance program that encompasses every facet of the IAF's operations and regularly assesses its efficacy. Moreover, due diligence is a strong term we often use but to develop a proper set of activities intern audit team help with the process.



### **3.2 Background Information**

CA as a profession is valued all over the world for a very long time. In Bangladesh, ICAB an autonomous body has been established to regulate the profession of accountants and related concerns under The Bangladesh Chartered Accounts Order, President's Order No. 2 of 1973 (ICAB, 2022). Since then, Bangladesh is continuously improving in this sector with the vision of strengthening corporate governance, business enterprise, and environmental sustainability in Business. Currently, there are 72 proprietorship and 92 partnership CA firms with more than 384 practicing members. The number is not as adequate as it should be because the passing rate is too low which makes this profession so valuable and desirable. In Bangladesh, around 921 multinational companies and thousands of local companies are operating of which more than 628 companies are listed on the stock market. To support these companies' professional accountants are required. We generally have a misconception that chartered accountants only look after the accounting part of a business which is completely erroneous. Chartered accountants play a vital role in process development, financial structure, legal standing, merger, and acquisition. Moreover, the financial statement is a mandatory requirement for companies as it withholds the interest of stakeholders, NBR, and the Bank and for matters connected therewith. That's what makes chartered accountants an unavoidable necessity for a company.

The internal audit process is a crucial one that has been demonstrated to enhance value and decrease errors identified by external auditors. Internal audit (IA) procedures are essential for helping firms accomplish their goals and protect their assets (Alqudah et al. 2019). It is regarded as a crucial governance instrument to safeguard firms against internal illegal activity. Additionally, the principal focus of abuse and fraud in the interaction between revenue and internal control is revenue rotations. As a result, the system of internal control has a big impact on revenue collection. By monitoring, improving, and enforcing compliance with organizational reporting procedures, an internal control system fosters assurance in an organization's capacity to carry out or undertake a certain task and prevent mistakes and losses (Harasheh and Provasi, 2022). Internal audit is a crucial instrument in detecting fraud when assets are taken by workers or outsiders, according to professional literature (Carey et al., 2000; Carcello et al., 2005). As a result, we anticipate that firms with an internal audit will have better fraud detection capabilities than those without one. Moreover, companies with an internal audit team are more likely to recognize and fix errors in

financial statements and accounting records than a company that does not have an internal audit team

### **3.3 Problem Statement**

Most of the time external audit team find anomalies in the concerned company and the company itself stays clueless about it. The purpose of the internal audit is to mitigate this sort of discrepancy in the financial report and find a way to solve it permanently. Large companies with complicated structures often face difficulties to maintain proper accounting records and legal procedures. Any wrong information in the financial statement can mislead the stakeholder which is abandoned by the law. Moreover, many large companies collapse due to a lack of internal control also.

Additionally, Companies with multiples department need to maintain the synergy in between to run their operation smoothly and to add more credibility. That is why internal process development is required to set proper guidelines that how something needs to be done. For instance, a manufacturing company needs to buy raw materials for production but how to purchase these and how will be responsible if anything goes wrong? That's the problem company often face and auditors are the most reliable lifeline in this case. They helped a company as the third party which is an unbiased way of establishing the standard operation procedure (SOP) and finding the scope of development (SOD). Last but not the least, companies faced difficulties regarding the recording and accounting standards that the audit team help to resolve.

### **3.4 Objectives of the Report**

The broad objective of the study is to get a comprehensive overview of internal audit benefits and effective operational strategy through process development

1. Find out how internal audit helps URMI Group to ensure its financial stability and standard accounting practice.
2. Examine the effectiveness of a proper process prepared by internal auditors with a holistic approach

### **3.5 Research Question**

This report broadly aims to find out the benefit and necessity of internal audit to maintain proper accounting practice and effective process development. The questions will try to explore the benefits of internal audits and how internal audits can prepare more effective processes. Apart from this, considering the lack of research on this topic and the conflicting quality of the evidence, this report will explore the following question.

RQ1: How can an internal audit prevent accounting errors and promote financial stability for a company?

RQ2: In what way has process development by internal audit proven to be more effective?

### **3.6 Literature Review**

This approach aims to include the internal audit's expanding scope, which in the latest years has broadened from its initial narrow perspective on control to now cover corporate governance risk management (Walker et al., 2003; Brody and Lowe, 2000). In addition to that, Numerous information discrepancies among audit committees and C-level management and staff are characteristics of institutionally complex firms. Internal auditing can be viewed from a primary perspective as a control and monitoring role carried out by principals to mitigate or avert the effects of the stated information asymmetries by providing assurance and advising services (Eulerich and Lohmann, 2022). Using the idea as a framework, researchers develop predictions about the nature of companies that employ internal audits. Despite substantial overlap within the domains of

governance, control, and improvement, which is the focus of the report (Abbott et al.,2022). That is why the internal audit is considered an essential element for a company to improve faster. By ensuring that the entity's existing transactions are adequately understood and managed, internal auditors can bring value. Evaluating a company's overall risk and identifying opportunities to enhance risk management procedures should be a major function of internal audit (Lindow and Race, 2002). The effective implementation of in-house versus outsourced internal audit functions is the other research question that the current study addresses. Prior studies have largely focused on obtaining opinions from users, analysts, and business officials regarding the relative strengths of the two approaches, and they have generally found that outsourcing internal audits is perceived as being of higher quality (Carey et al., 2006). Moreover, depending on the researchers' interests and the literature available, scholars examine several elements separately, including IA independence, size, skills, quality, relationships with the audit committee and independent auditors, senior management support, and outsourcing of IA (Alhajri and Meshari, 2017). While some academics have emphasized the advantages of internal auditors due to their comprehensive knowledge, loyalty, and role in resolving crisis circumstances, such as those wrongful acts, others have emphasized the advantages of outsourcing internal audits (Chadwick, 2000) Speklé et al., 2007). The additional assessment of internal versus outsourcing in the audit of accounting records and financial statements along with process development, however, has been extensively compared in research; therefore, we position our investigation of this subject in the context of a research question. We argue that although research indicates that fully outsourcing the internal audit function is seen as being of higher value, this does not necessarily indicate that it will also be more successful in detecting accounting fraud. First, reputational influences may contribute to some of the greater perceived quality seen. Second, internal auditing requires a lot of time to be effective, and in-house internal auditors devote a lot more time to it than external internal auditors do (Speklé et al., 2007). Further evidence of the effectiveness of internal audits' investigations and whistleblowers' reports has been found in the professional literature. We anticipate that internal auditors working for an organization will be more likely to recognize misstatements since they have more time at their fingertips and a deeper understanding of the company (Morgan, 2005).

In contrast, regulation, particularly in less developed countries, can help enhance the credibility of internal audits. Currently, regulators rarely require or enforce an efficient internal auditor, not even for publicly traded corporations (Lenz and Jeppesen, 2022). Targeting to avoid the creation of a

certain environment within the company is necessary for having strong employee effectiveness in managing control. Top executives and the board of directors' actions help to create this atmosphere, which should lead to the creation of a holistic risk-management strategy. The existence of a distinct committee or group charged with managing risk and made up of directors and senior management is one sign of an integrated framework. The necessary assistance can then be provided by an internal audit to guarantee that safeguards are in place to effectively monitor the risks highlighted (Zain et al., 2006). Moreover, how can the performance of a manufacturing company, and specifically the advancement of manufacturing techniques, be improved? Finding effective development behaviour that is more general in nature (commonly referred to as best practice), distilling it into a manageable amount of what is frequently referred to as "success elements," and using them in the process of enhancing firm performance are two possible strategies by the internal audit was a topic (Holtfreter, 2004). Lastly, there is a huge scope of work to explore more benefits of internal audit and reasons to pass the responsibility of process development to internal audit.

### **3.7 Methodology**

Qualitative methods and data analysis of internal audit and process development to ensure a positive impact on the company and overall operation of the sector were portrayed in this report. This is explanatory research and the data was collected via interviews and workplace experience. Moreover, it was based on non-probability sampling. Purpose sampling is appropriate for this report as the benefits of internal audit can be well explained by the company employer and employee.

Additionally, the following sources of data were widely used. Firstly, the institution of Chartered Accountants Bangladesh provides guidelines for the procedure along with its benefit which is a great source of data. Moreover, there is a good number of online sessions recording available on YouTube and many other online portals which are mostly conducted by ICAB itself and other professional Chartered Accountants. These videos are full of information that helps an individual to understand each topic thoroughly. Furthermore, my own internship experience at ACNABIN Chartered Accountants helped in accumulating primary information and first-hand data from a manufacturing company. It naturally follows that my supervisor, senior management, and coworkers were helpful in this respect by obtaining all documentation and information necessary

for understanding and depicting practical learning. In addition to that information, I have also investigated the trend and data analysis regarding the progress of the company over time due to internal audit and solid internal control to extract the result of it. However, since this is continuing process, my ability to access certain data and information may be curtailed or constrained. In contrast to this, I intend to undertake a thorough analysis with the assistance of the sources indicated, portray it clearly in my report with access I have and full backing, and let my audience comprehend the significance of internal audit.

### **3.8 Limitations**

This report was written in a short period. Comparatively, the study's sample size is moderate, and the ideal population size can be much larger than that was used. It is currently difficult to conduct a detailed survey in a such short period. The statistical structure of the population has been determined over time, and user privacy is taken into consideration. The report's validity can be contested due to the small sample size. Moreover, some of the subjects were tricky to reach, while others were resistant and might have given inaccurate information.

### **3.9 Face-to-face interview**

I interviewed 15 employers and employees of URMI Group about the internal audit and its benefits. Additionally, I have interviewed an external audit team about internal audits and the company's working process. I have found out that 100% of them believe that an internal audit is helpful in terms of efficiency, better working process, and less error in the financial reports and accounting practice. The external audit also refers to the land valuation part of their audit. The external audit teamwork on the company's land valuation in 2018 and there were several errors. After URMI's internal audit team interfered with that. In 2021 the external audit team find significantly fewer errors in the valuation. Moreover, the employee of URMI admitted that it is very helpful for them to keep all the accounting records after consulting with the internal audit team. Lastly, the CFO of URMI Group also agree with the statement that internal audit help the company work efficiently and due to internal audit, they have been able to find and fix more error ever than before.

### 3.10 Table of Respondents

No.	Position	Experience	Education	Department
1	CFO	30 Years	MBA, CIMA	Finance
2	Manager	9 Years	CA	Accounts
3	Asst. Manager	17 Years	CA (P.L.)	Accounts
4	Asst. Manager	11 Years	ACCA	Accounts
5	Senior Executive	5 Years	MBA	Accounts
6	Executive	5 Years	Masters	Accounts
7	Manager	12 Years	MBA	IAD
8	Executive	7 Years	Masters	IAD
9	Executive	3 Years	MBA	IAD
10	Manager	20 Years	Masters	Transport
11	Asst. Manager	10 Years	MBA	Transport
12	Manager	15 Years	MSc	IT
13	Executive	5 Years	LLM	Legal
14	Executive	5 Years	LLM	Legal
15	External Audit	12 Years	ACA	Third-Party

### **3.11 Summary of the Interview Outcome**

Every interviewee believes that internal audit is an essential function for URMI Group because the company has a large scale of operation and the scope of errors is generally high. As the internal audit team double check each record and document the rate of finding anomalies is high which is ultimately beneficial for the company. Moreover, employees from the accounts department get tremendous support in case of accounting practice, tax, and vat related issues. Besides that, internal audit provides valuable suggestions regarding tax avoidance. Along with that, the task of the legal department becomes less hectic as internal audit assures procurement. Additionally, the transport and internal affair division get benefited from the process prepared by internal audit which helps to bring a disciplined and systematic approach into their way of work. Managers and senior employers often tend to overlook the standard operating procedure prepared by the company itself. On the other, no one usually breaks the process prepared by internal audit as such acts will be reported directly to the top management via quarterly or half-yearly audit reports. In addition to that, employer, and statutory auditors believe that errors regarding accounting record, asset valuation and inventory counting has significantly reduced after the intervention of internal audit. In contrast, sometimes employees get displeased by the due diligence and assurance practice of internal audit as the traditional company norms do not require much documentation but the process set by internal audit does. That is something employees rarely find annoying but they also acknowledged the importance of it as well.

### **3.12 Audit Procedure**

The actual auditing procedure begins after the contact with the relevant client is completed. As an independent authority of Baker Tilly, ACNABIN primarily adheres to worldwide auditing standards. However, it adheres to all the procedures that Bangladesh uses.

#### **3.12.1 Set broad objectives**

When preparing reports, ACNABIN adheres to both international auditing standards (IAS) and international financial reporting standards (IFRS). In contrast part, ACNABIN adheres to generally accepted accounting principles (GAAP) to review the financial statements and other aspects. The auditing team's initial task is to determine the overarching objectives. While



determining the overarching objectives, some issues are considered. They are identifying mistakes, anomalies, and ultimately the effectiveness of the business. The specifics are covered below;

**Errors:** Auditor's responsibility is to identify flaws in accounting to provide reasonable assurance. This planning step is taken directly from the audit-practising guidebook. Unintentional mistakes are regarded as errors in this context. The most important factor to consider while determining overall objectives is material error prevention. The audit team must ascertain whether assets and liabilities exist. They must ascertain the veracity of the recording date and balance. Errors can occur for multiple reasons. The collection and processing of accounting data from financial statements may be inaccurate. Accounting estimates are subject to mistakes, and errors may ultimately result from the improper application of accounting rules.

**Irregularities:** Consistency is the most crucial aspect of account maintenance. A relationship exists between anomalies and the risk and importance of the accounting handbook. Any irregularity that could be material must be discovered at this stage of the audit.

**Efficiency:** The most important component of an audit is efficiency. A full year's worth of financial statements must be audited by auditors in a limited amount of time. By this point, this must be ensured. There are many techniques to determine how to conduct the audit most effectively. First, some individuals from the prior team can be assigned to the current clientele. The audit team must include a variety of personalities. While skills should differ, they must also have the mindset to collaborate to achieve a common objective.

**Gather and evaluate initial information:** The second step of an audit is gathering and analyzing preliminary data. For the auditors, every aspect of the client is crucial. The very basics to start with are understanding how a firm works, how it operates, and key buyer-seller information. The stage's activities are listed.

**Understand the business:** First, auditors need to be familiar with the firm's external environment and its characteristics. They will then be able to understand the goals, plans, and risks involved thanks to this. They will next research the company's external influences and financial reporting system after that. The focus will also include measures, financial results, and accounting principles. The internal control needs to be examined last. If the internal control is effective, the risk will be

at its lowest. The size of the representative sample depends on how effective the internal control is.

### **3.12.2 Risk Assessment**

The next stage is to estimate the audits' overall risks. This strategy, known as "top-down," concentrates on high-level data. The following elements are important for this step;

1. Consider the effects of significant factors: Depending on the risk level, more documentation may be required after gathering high-level information. If the business is dangerous and the interactions are suspect, a thorough audit is required.
2. Determine the overall audit strategy: After selecting the audit subject, auditors determine the approach that will be used to perform the audit. It requires more effort and money if the subject is vast. When there is an intensive audit, however, the reverse situation occurs.
3. Set schedule and coordination: Eventually, the timing and coordination are chosen following the task to deliver the report as per the commitment. Often the risk of skipping some important aspect of auditing arises due to time constrain which should be mitigated.

### **3.12.3 Assess account-specific risks**

The risk associated with a given account is discovered by auditors in this step. The audit team completes the entire task with the aid of the APM questionnaire. Below are the specific tasks for such a step:

- 1 Determine the transactions and accounts that need to be handled.
- 2 Outline the different kinds of financial statement inaccuracies.
- 3 Assess risk factors.
- 4 Establish which mitigation strategies will be relied upon.
- 5 Create a method to evaluate mitigating controls
- 6 Assess any lingering risks that a substantive test will address.

### **3.12.4 Develop an efficient and effective audit plan**

The auditor establishes a blueprint after outlining all risks. Effectiveness and efficiency are the primary concerns in this phase. Auditors evaluate the internal surveillance system at this level. They do not take substantive tests if the control mechanisms are effective. The controlled testing occurs more frequently the stronger the control. In the case of the substantive test, things are different.

### **3.12.5 Conduct audit testing**

The auditors acquire all the audit evidence at this step of the process, which is known as the practical work process. A variety of audit tests are run to verify the evidence. First, the auditor reviews the documents and takes notes. The IT systems are then checked using technical compliance tests. The outcome of this stage is the compilation of audit shreds of evidence and documents.

### **3.12.6 Evaluate and communicate audit results**

Analyzing the findings and sharing them with the client is the audit's final step. Reporting is a crucial component of this phase. The auditor begins compiling the audit evidence as a report after gathering all the audit procedures pertinent to the financial statement. The audit shreds of evidence are evaluated considering the material misstatements discovered during the planning phase. The auditors primarily examine whether the evidence is appropriate and sufficient. Most significantly, if those proofs do not support the auditor's argument, they are useless. When there is insufficient proof, additional measures are taken to obtain the outcome. The auditor begins assessing the discovered inaccuracies after gathering the necessary evidence.

Most significantly, if those proofs do not support the auditor's argument, they are useless. If there is no solid proof, additional measures are taken to obtain the outcome. The auditor begins assessing the discovered inaccuracies after gathering the necessary evidence. It is compared by the auditor to the intended materiality figure. Finally, the total errors are determined and evaluated to see if they significantly misstate the financial figures. The client is informed of the problems and allowed to defend and explain them.

### **3.13 Challenges**

Internal auditors work in a hostile situation. They are tasked with assisting businesses in determining whether safeguards are in place to lower risks in various operations and procedures. They investigate for gaps, inadequacies, inconsistencies, and problems with regulatory compliance. Although their efforts may cause worry in firms with limited resources, the benefit of these in-depth analyses is undeniable: by understanding and resolving risk, they contribute to the communication of trust, confidence, and a competitive edge. There is hardly an industry that wouldn't benefit from an independent, unbiased examination of internal controls related to risk management, technology, governance, financial processes, and other operations. The requirement of internal audit function has long been recognized for strictly regulated institutions like banks and credit unions. But there are certain challenges that internal auditor faces and will face in the upcoming days are stated below;

- Cope up with new technology and AI
- Delays in obtaining information
- Shortage of qualified accountant
- Less interest in internal audit
- An increasing number of remote workers reduce accountability
- Conflict of interest with the different departments after finding errors
- Inventory and accounting records for the multination company

### **3.14 Suggestion for improvement**

The foremost purpose of internal audit (IA) is to assist top management to safeguard the assets of an organization and its reputation while providing support to sustainable business operations which have appeared under massive pressure over the past few years. Asset risks have escalated as a result of the COVID-19 pandemic's dramatic growth in home-based work, and a disturbing business climate has fueled anxiety about reputations and sustainability. The difficulty for IA activities in the upcoming year will be to maintain secure supervision while adjusting to a changing risk environment. To mitigate such difficulties internal auditor might take these steps;

- Get familiar with AI and different accounting software
- Spread awareness regarding misstatements and fraudulent
- Arrange various campaigns to attract young talent towards auditing
- Improve the quality and quantity of research related to audit practices and the necessity
- Significantly include strategic planning process and cyber security under internal audit

### **3.15 Summary and conclusion**

From my perspective, as I have already mentioned in the initial stage that internal audit is fruitful for the manufacturing company as they help to plan the work process and give a sound accounting solution to the company. Previously, many companies often hesitate to hire a team for internal audits as they thought it will be an extra cost. Now the notion has changed completely. Companies are eagerly hiring internal audit teams and giving them full access to their ERP and other documents. Additionally, the audit team gets a better overview of the company as they work with all the departments of a company. That is why their process framework has proven to be more feasible. Though this paper has some limitations the actual scenario and benefit of internal audit are prominent here. In addition to that future research on the topics covered in this report can be done in a wide range of different fields. The effectiveness and significance of internal audits inside firms should first be thoroughly studied in many ways. An earlier study in this area has only focused on the opinions of external auditors. Second, it is evident that the role of auditors in detecting fraud has grown in recent years. More study is needed to determine how to raise the skills of auditors in this area. On top of that, I find internal audit an essential element for a business which has been portrayed in this report. Further the process of internal audit by which the auditor detects anomalies has been stated to give a holistic view to the reader. Finally, an internal audit helps a company to grow and maintain a flawless operation by correcting and connecting the people. It creates a synergy among different departments as well.

## 4.0 Index

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## 4.2 Appendix

NOC

26 June 2022

Mr. Saif Hossain  
Assistant Professor  
BRAC Business School  
BRAC University  
66 Mohakhali, Dhaka 1212

**Subject: No objection to maintain full time academic schedule at BRAC University, during Internship**

Dear Sir,

This has reference to our letter dated 6 June 26, 2022 to accommodate the following student of BRAC University as an intern for 8-12 weeks in ACNABIN Chartered Accountants.

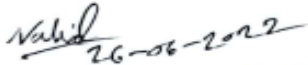
**Student Name: Kazi Israk Ferdaous**

**Student Id: 18204041**

I understand that h/s has got academic commitments at BRAC University. H/S can maintain full time academic schedule during this internship to meet his/her requirements at BRAC University.

Thank you.

Sincerely Yours,



\_\_\_\_\_  
Company supervisor's signature



## Internship Placement



BDBL Bhaban (Level-13 & 15)  
12 Kawran Bazar Commercial Area  
Dhaka-1215, Bangladesh.

Telephone: (+88-02) 410 20030 to 35 (Level-13)  
(+88-02) 8189428 to 29 (Level-15)  
Facsimile: (+88-02) 410 20036  
E-mail: [sacnabin@bangla.net](mailto:sacnabin@bangla.net), Web: [www.acnabin.com](http://www.acnabin.com)

09.44/2022/41/05

**Ms. Shanzida Shahab Uddin**  
Manager  
Office of Career Services & Alumni Relations  
BRAC University  
49 Siddique Tower (13th floor)  
Mohakhali, Dhaka-1212

06 June 2022

Dear Ms. Shanzida,


### **Internship Program– request for placement**

Thank you for your letter dated 01 June 2022. We are pleased to inform you that, as requested by you, we are willing to accommodate Mr. Kazi Israk Ferdaous, bearing ID No. 18204041, a student of BBA in Finance for internship for a period of 12 (twelve) weeks with effect from 07 June 2022.

Yours sincerely,

**ABM Azizuddin FCA**  
Managing Partner

Supervisor's Visiting Card




**ACNABIN**  
*Chartered Accountants*


**Kamrul Hasan Nahid**  
*Senior Assistant Manager*  
*Audit & Consultancy*  
Cell # (+88) 01937 020075  
<kamrul.hasan160@yahoo.com>

BDBL Bhaban (Level-13)  
12 Kawran Bazar Commercial Area  
Dhaka-1215, Bangladesh.  
Telephone : (+88-02) 410 20030 to 35  
Facsimile : (+88-02) 410 20036  
E-mail : <acnabin@bangla.net>

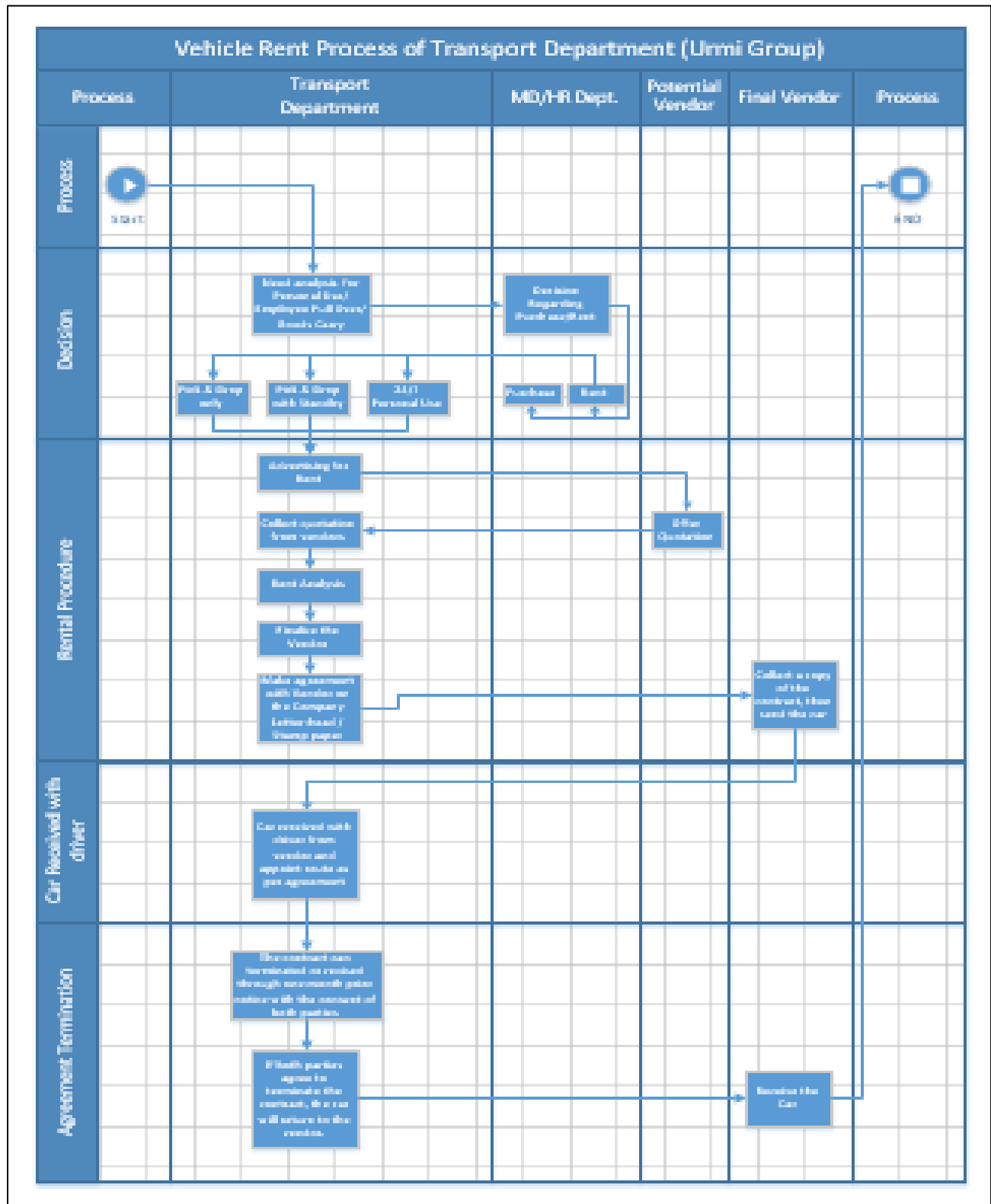
[www.acnabin.com](http://www.acnabin.com)



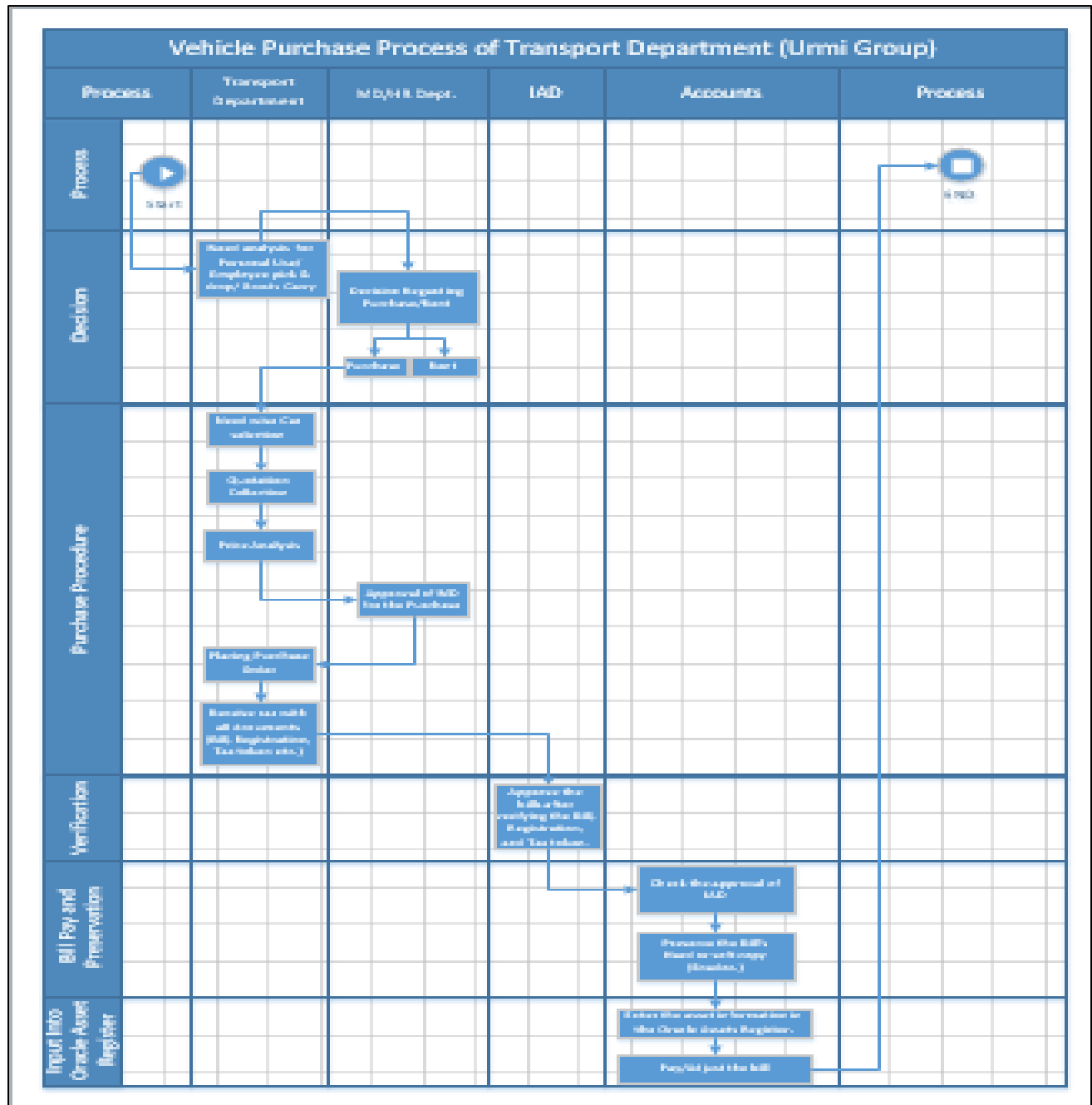
an independent member of  
**BAKER TILLY**  
**INTERNATIONAL**

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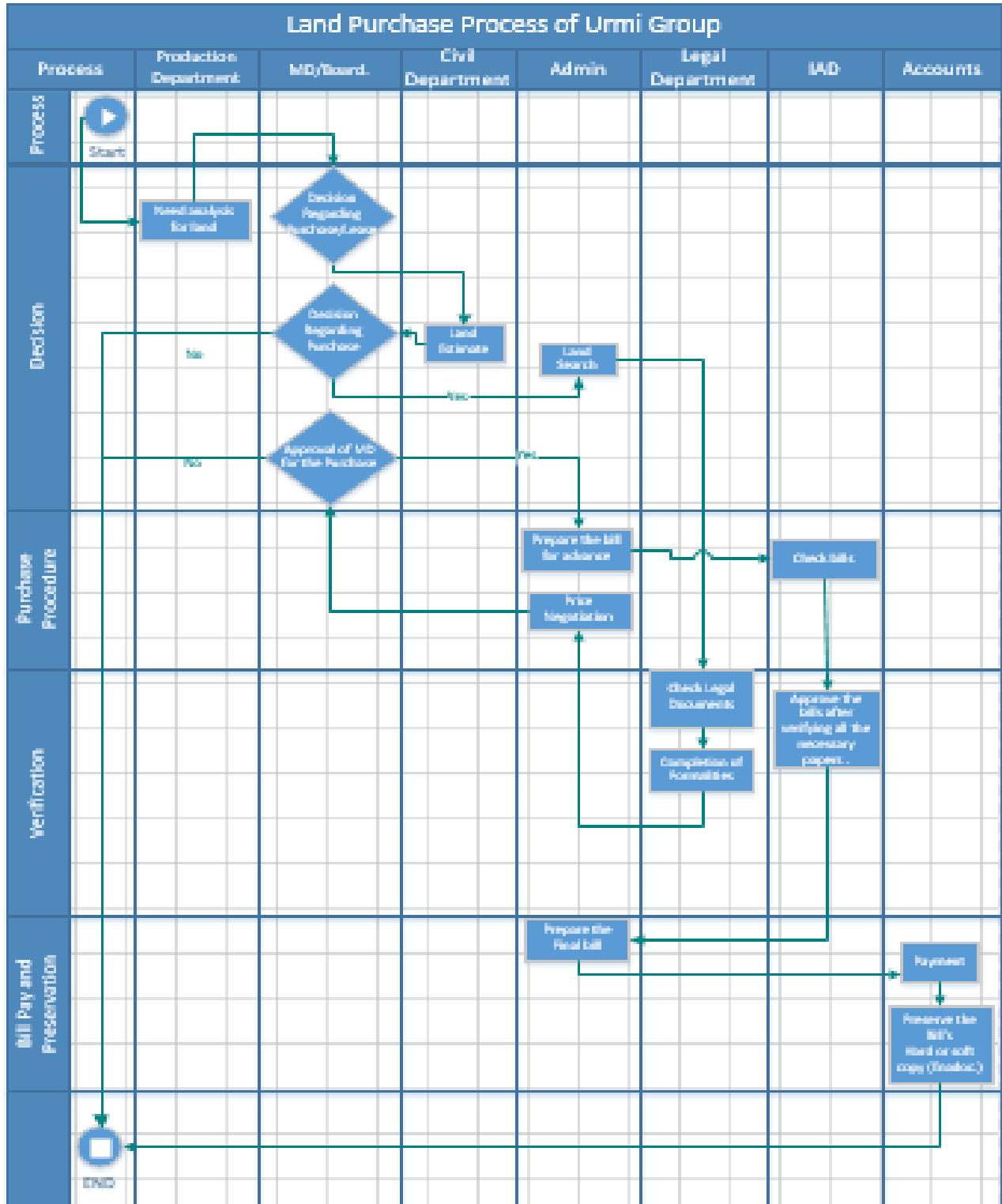
# Vehicle Rent Process



# Vehicle Purchase Process



# Land Purchase Process



## Questionary

1. What is your position in this company?
2. What is your educational background?
3. For how long do you serve this industry?
4. In which department do you currently work?
5. What is your perspective on ACNABIN's internal audit?
6. In what way do internal audits help you with your task?
7. Do you think that an internal audit is important for a company? If yes, please explain why?
8. Can you please mention some of the advantages and disadvantages of internal audits from the perspective of URMI Group?
9. What is your option on the process development prepared by the internal audit?

## Manpower of ACNABIN Chartered Accountants



### 5. MANPOWER STRENGTH

Sl. #	Personnel	Number
01.	Partners	9
02.	Professional Staff:	
	- Qualified (CA, CMA & ACCA)	23
	- Part Qualified/ CA Course Completed (CC)	85
	- Other Professional Staff	39
	- ACCA Staff	16
	- Lawyers	1
		164
03.	Articled Students:	
	- Registered	269
	- Probationary	80
		349
04.	ACCA Trainee	19
05.	Supporting Staff	22
	<b>Total</b>	<b>563</b>

Source: <https://www.acnabin.com>

## Report Proposal

### **Internship proposal**

Internal audit practices and process development of Manufacturing Company: Evidence from  
URMI Group

Kazi Israk Ferdaous

ID:18204041

#### **Supervisor**

Dr Md. Kausar Alam

Assistant Professor

BRAC Business School.

BRAC University

#### **Co-Supervisor**

Dr Faruk Bhuiyan

Assistant Professor

BRAC Business School.

BRAC University

Date: 27 August 2022



## **Internship Objective**

The broad objective of this study is to get a comprehensive overview of audit and effective operational strategy through process development

1. Find out how internal audit helps URMI Group to ensure its financial stability and standard accounting practice.
2. Examine the effectiveness of a proper process prepared by internal auditors with a holistic approach

## **Background Information**

CA as a profession is valued all over the world for a very long time. In Bangladesh, ICAB an autonomous body has been established to regulate the profession of accountants and related concerns under The Bangladesh Chartered Accounts Order, President's Order No. 2 of 1973 (ICAB, 2022). Since then, Bangladesh is continuously improving in this sector with the vision of strengthening corporate governance, business enterprise, and environmental sustainability in Business. Currently, there are 72 proprietorship and 92 partnership CA firms with more than 384 practicing members. The number is not as adequate as it should be because the passing rate is too low which makes this profession so valuable and desirable.

In Bangladesh, around 921 multination companies and thousands of local companies are operating of which more than 628 companies are listed on the stock market. To support these companies' professional accountants are required. We generally have a misconception that chartered accountants only look after the accounting part of a business which is completely erroneous. Chartered accountants play a vital role in process development, financial structure, legal standing, merger, and acquisition. Moreover, the financial statement is a mandatory requirement for companies as it withholds the interest of stakeholders, NBR, and the Bank and for matters connected therewith. That's what makes chartered accountants an unavoidable necessity for a company.

## **Problem Statement**

Most of the time external audit team find anomalies in the concerned company and the company itself stays clueless about it. The purpose of the internal audit is to mitigate this sort of discrepancy in the financial report and find a way to solve it permanently. Large companies with complicated structures often face difficulties to maintain proper accounting records and legal procedures. Any wrong information in the financial statement can mislead the stakeholder which is abandoned by the law. Moreover, many large companies collapse due to a lack of internal control also.

Additionally, Companies with multiples department need to maintain the synergy in between to run their operation smoothly and to add more credibility. That is why internal process development is required to set a proper guidelines that how something needs to be done. For instance, a manufacturing company needs to buy raw materials for production but how to purchase these and how will be responsible if anything goes wrong? That's the problem company often face and auditors are the most reliable lifeline in this case. They helped a company as the third party which is an unbiased way of establishing the standard operation procedure (SOP) and finding the scope of development (SOD). Last but not the least, companies faced difficulties regarding the recording and accounting standards that the audit team help to resolve.

## **Methodology**

Qualitative methods and data analysis of internal audit and process development to ensure a positive impact on the company and overall operation of the sector will be portrayed in this report. The following sources of data will be widely used. Firstly, the institution of Chartered Accountants Bangladesh provides 16 books that lead to a comprehensive overview of auditing, law, technology, and other relevant matter. For now, the book on Assurance, Business law and Information technology is more relative to my topic. Moreover, there is a good number of online sessions recording available on YouTube and many other online portals which are mostly conducted by ICAB itself and other professional Chartered Accountants. These videos are full of information that helps an individual to understand each topic thoroughly. Furthermore, my own internship experience at ACNABIN Chartered Accountants will aid in accumulating primary information and first-hand data from a manufacturing company. It naturally follows that my supervisor, senior management, and coworkers will be helpful in this respect by obtaining all documentation and

information necessary for understanding and depicting practical learning. In addition to that information, I will also investigate the trend and data analysis regarding the progress of the company over time due to internal audit and solid internal control to extract the result of it. However, since this is continuing process, my ability to access certain data and information may be curtailed or constrained. In contrast to this, I intend to undertake a thorough analysis with the assistance of the sources indicated, portray it clearly in my report with access I have and full backing, and let my audience comprehend the significance of internal audit.

### **Work Description**

This is a 12-week internship program that is divided into 3 parts. Firstly, it will make a person familiar with the work process and get acknowledged with relevant documents. It also describes the work ethics, confidentiality policies and workplace etiquette. After that, I will start work in 2<sup>nd</sup> week and get access to companies' ERP. Moreover, it has a field trip which will provide a first-hand experience to visit the RMG factory in person and observe their whole working process which will help to plan SOD. Considering that, I will learn the data entry and extracting process in ORACLE system software. Lastly, I will relate work with academics with academic learning and prepare a proper report of my journey.

### **Tentative Timeline**

<b>Target date</b>	<b>Task</b>	<b>Completed</b>
<b>10 June 2022</b>	Choose a topic	15 June 2022
<b>20 June 2022</b>	Prepare initial plan	20 June 2022
<b>20 July 2022</b>	Gather necessary information	20 July 2022
<b>10 August 2022</b>	Prepare Project Proposal	15 August 2022
<b>25 August 2022</b>	Submit Project Proposal	27 August 2022
<b>20 September 2022</b>	Prepare 1 <sup>st</sup> draft	20 September 2022
<b>30 September 2022</b>	Submit 1 <sup>st</sup> draft	24 September 2022
<b>5 October 2022</b>	Submit 2 <sup>nd</sup> draft	10 October 2022
<b>10 October 2022</b>	Submit final draft	15 October 2022
<b>14 October 2022</b>	Plagiarism check	16 October 2022
<b>20 October 2022</b>	Defence	17 October 2022