

Report On  
Factors Narrowing the Audit Expectation Gap in Bangladesh

By

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ID: 18304070

An internship report submitted to the **BRAC Business School (BBS)** in partial fulfillment  
of the requirements for the degree of  
**Bachelors in Business Administration**

BRAC Business School  
BRAC University  
March 2023

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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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**Mohammad Sanjid Mahamud**

ID: 18304070

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

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**Mr. Riyashad Ahmed**

Assistant Professor, BRAC Business School  
BRAC University

## LETTER OF TRANSMITTAL

Mr. Riyashad Ahmed  
Assistant Professor,  
BRAC Business School,  
BRAC University  
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir,

I am pleased to present to you the enclosed report titled “Factors Narrowing the Audit Expectations Gap in Bangladesh”. This report was prepared as a requirement for the completion of my internship at Hoda Vasi Chowdhury & Co. The internship provided me with a valuable opportunity to gain practical experience in the field of Auditing, and I am grateful for the chance to have worked with such a reputable organization. I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires. I hope that this report will provide useful insights into my experiences and the work I completed during my internship. Please do not hesitate to contact me if you require any further information or have any questions regarding this report.

Sincerely yours,

---

Mohammad Sanjid Mahamud  
18304070  
BRAC Business School  
BRAC University  
Date: March 2023

## **NON-DISCLOSURE AGREEMENT**

This agreement is made and entered into by and between Hoda Vasi Chowdhury & Co. and the undersigned student at BRAC Business School, BRAC University

**Mohammad Sanjid Mahamud**

As per the agreement, all the information included in this internship report cannot be used anywhere else and to be used only for the purpose of the completion of the internship.

## **ACKNOWLEDGEMENT**

In this world, no invention was made by a single person. This project is not either. Without their kind assistance and support, it would not have been possible. I would like to thank them all at this time.

First of all, I would like to express my gratitude to Almighty Allah for giving me all I needed to finish this job.

I owe a huge debt of gratitude to my faculty supervisor, Mr. Riyashad Ahmed, Assistant Professor, BRAC Business School, as well as my faculty co-supervisor, Mr. Saif Hossain, Assistant Professor and BBA program Director, BRAC Business School, , for giving me the chance to work on the project under their supervision. Their assistance and recommendations helped this project be completed successfully.

I would also like to thank all of my colleagues, the company supervisor, manager, and senior manager, as well as the partner. They all deserve my gratitude for their continuous support, guidance, and supervision. Without their support, I may not be able to complete my internship journey at Hoda Vasi Chowdhury & Co.

Last but not the least, I would like to express my sincere gratitude to the members of my audit team for their love and support shown to me throughout my internship. I also like to thank Mr. Md. Zamshed Alam Bhuiyan, my on-site manager, for his ongoing advice and assistance as a strict mentor. Under his direction, it was a really challenging and instructional experience.

## EXECUTIVE SUMMARY

The report focuses on identifying the factors that eventually help to reduce the audit expectation gap. The main objective is to do qualitative and extensive research, including primary as well as secondary research, to understand the knowledge level of the audit process for both undergraduate students and the people responsible for auditing. Based on the surveys, the knowledge level and perspective of the individuals are determined. Afterwards, the survey concludes by ranking the factors that will help to reduce this audit expectation gap. The most favorable factors will be analyzed through mostly secondary research, and recommendations will be given for every chapter of the report. Graphs and charts are mostly used to understand and summarize the findings, and surveys are conducted on a level by level basis to ensure the quality of the research.

**Keywords:** Audit Process, Audit Expectation Gap, Qualitative, Knowledge level, Audit Education.

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## LIST OF ACRONYMS

HVC	Hoda Vasi Chowdhury & Co
FS	Financial Statement
IAS	International Accounting Standards
ICAB	Institute of Chartered Accountants of Bangladesh
IFRS	International Financial Reporting Standards
SAP	System, Application & Products in Data Processing
ORACLE	Oak Ridge Automatic Computer and Logistic Engine
PL	Profit and Loss statement
FP	Financial Position
SWOT	Strength Weakness Opportunity and Threat
AFF	A F Ferguson & Co.
AEG	Audit Expectation Gap

## GLOSSARY

Audit	"An unbiased assessment of financial data of any organization, whether profit-oriented or not, regardless of the legal structure or the size, when such an examination is performed with a view to expressing an opinion as professional judgment," is how the term "audit" is defined.
Professionals	A person in a profession is one who is an expert in their particular field. Professionals in this context refer to those with expertise in chartered accounting. They might be certified or uncertified accountants.
Auditee	A person is referred to as an auditee under Section 99A of the Act if he or she is directly or indirectly involved in the carrying, clearing, stocking, buying, selling, or forwarding of imported goods, export goods, or dutiable products. This includes importers, exporters, custodians approved under Section 45, licensees of warehouses, and anyone else.
Auditor	A person with the power to check financial records, ensure their accuracy, and ensure that companies are following to tax laws.
Audit Expectation Gap	The phrase "expectation gap" describes how the position and obligations of the external auditor are seen differently by the general public than they are in actuality. Frequently, the public has higher expectations than the external auditor can realistically deliver on.

# CHAPTER 1: OVERVIEW OF INTERNSHIP

## 1.1 STUDENT INFORMATION

Name: Mohammad Sanjid Mahamud

ID: 18304070

Program: Bachelors of Business Administration (BBA)

Major: Finance

Minor: Economics

## 1.2 INTERNSHIP INFORMATION

### 1.2.1 Time Duration/Period, Company Name, Department/Division, Address

Internship Period: October 02, 2022 to February 02, 2023

Company Name: Hoda Vasi Chowdhury & Co.

Department: Audit & Consultancy

Address: Bangladesh Textile Mills Corporation Bhaban, 7-9 Kawran Bazar Rd, Dhaka 1217

### 1.2.2 Internship Company Supervisor's Information

Name: Mahmudul Alam

Position: Senior Manager, Audit & Consultancy

### 1.2.3 Job Scope

**Job Title:** External Financial Auditor

**Location:** Bangladesh

**Job Type:** Internship

One of the oldest and most reputable CA firms, Hoda Vasi Chowdhury & Co., is looking for highly motivated and experienced students who will be responsible for conducting independent and impartial audits of our clients' financial records and statements to ensure compliance with relevant laws, regulations, and accounting standards. From August 2 to February 2, I was

working as an internship student at Hoda Vasi Chowdhury & Co., Chartered Accountants. I was assigned the task of performing a statutory audit in a Bangladeshi listed cement company.

### **Key Responsibilities**

1. Reviewing financial statements and records to ensure accuracy and compliance with relevant laws, regulations, and accounting standards.
2. Evaluating the internal control systems and financial reporting processes of clients.
3. Verifying the accuracy of financial transactions and data.
4. Identifying and reporting any fraudulent or unethical practices.
5. Providing independent opinions on the fairness and accuracy of financial statements.
6. Making recommendations to improve financial reporting processes and internal controls.
7. Maintaining professional objectivity and confidentiality in all aspects of the audit.
8. Communicating with clients' management, suppliers, customers as well as stakeholders to gather information and resolve any issues.
9. Verifying all the contracts and licenses of the client.
10. Checking Tax deduction at sources (TDS) and VAT Deduction at sources (VDS).
11. Examining cutoffs to see, whether these are maintained or not.
12. Checking bank and cash reconciliation with Trial Balance and General Ledger.
13. Performing variance analysis as well as verifying the reason for changes.
14. Keeping all the required supporting documentation.

## **1.3 INTERNSHIP OUTCOMES**

### **1.3.1 Student's contribution to the company**

As part of my undergrad program's requirements, I started working for Hoda Vasi Chowdhury & Co. on August 2, 2022. At the firm, each articleship student is assigned to various clients to perform a variety of audit and consulting services. I have also been appointed to complete a statutory audit for a multinational cement company, which is also a listed company under the Dhaka Stock Exchange Commission. I have done a lot of work and checked a lot of areas so that I and my team can give a reasonable assurance. Based on the materiality, I have checked many areas of the company's financial statements. I have verified the accuracy of financial

transactions and data as well as identified unethical practices. I have reported some observations that ultimately minimize the audit risk of HVC.

### **1.3.2 Benefits to Students**

Students who are practicing the CA profession at Hoda Vasi Chowdhury & Co. get a huge range of practical experience by providing audit and consulting services to clients. I also gained lots of experience by auditing a multinational cement company.

1. Professional development: Auditing provides opportunities to expand the knowledge and skills, and to keep up-to-date with changes in accounting standards, laws, and regulations.
2. Future scopes: Auditing can lead to promotions or other career advancements, such as moving from a junior to a senior auditor or becoming a partner in an CA firm.
3. Get various learning: External auditors have the opportunity to work with a wide range of clients and industries, which can provide exposure to different business practices, cultures, and challenges.
4. Building professional relationships (networking): Auditing provides opportunities to build professional relationships with clients, colleagues, and other stakeholders, which can lead to new business opportunities and referrals.

### **1.3.3 Difficulties and Recommendations**

Said by Myron Scholes, "Every coin has two sides, and we cannot ignore one for the other." Auditing is a process that detects any kind of misstatement of materials in the financial statements. Standards are there in a manual on auditing called "Auditing Practice Manual." Which is directly provided by ICAB.

Moreover, there are some loopholes in the system that weaken the prestigious profession of chartered accountant, however, this can not deny the skills of the auditors.

Now, I would like to mention a few loopholes that I encountered during my work as an external auditor. To cross check and validate my findings, I have discussed all of them with my colleagues and supervisor. My findings are provided below.

- Time Constraints: Since we first screened the client's business, thinking we knew everything, but subsequently finding out we were mistaken, our team was confronted with severe time constraints. Just to grasp their entire operations procedure, which is essentially accounting, takes up a significant lot of our time. As a junior auditor, it was especially challenging for me to understand the overall business process as well as collect so much data so quickly.
- Audit evidence: After doing my audit, I came to the conclusion that the majority of auditors consider audit evidence to be more persuasive than conclusive. Along with other auditors, I have seen that we gather as many papers as we can to provide proof. The documents grew significantly in size as a result. However, it is ineffective and inefficient. We must comprehend as auditors that only transactions with issues require supporting documentation in the end. In other words, if an auditor saw that the client had classified rent charges as lease expense, just the supporting paperwork would be required as the auditor could be required to explain his conclusions.
- Management Coordination: I discovered throughout the audit that there is insufficient collaboration between management and auditors. While the auditors are asking for information from the management, they occasionally feel burdened. Furthermore, the management's bullying of the auditors by withholding or delaying the required documentation. Some of the personnel, in my opinion, seem to be taking their time delivering the materials I've requested. Although they are legally required to give us the records we requested, the management frequently delays or ignores the auditors when they feel overburdened with work.

There are some recommendations regarding the above-mentioned findings.

- I believe it would be much simpler for any auditor to comprehend the client's system in the field if the company provided us with a brief training session about it. However, they did not give adequate details regarding the clients' systems; they only offered thoughts about their financial statements.
- Before sending out junior auditors, the company might set up a training program. The most significant part of the training should be to demonstrate sample documents and

efficiently gather proof. so that juniors would be capable of recognizing or understanding the appearance of the documents.

- Bringing documents from management or employees, according to some, is an art. Because doing so calls for persistence and careful methods. The barrier that the auditors and management typically establish between themselves should be lessened, in my opinion, by holding a welcoming session during which they may get to know one another. This will assist to bridge the gap that they often create and provide for a more productive working relationship. Furthermore, it is our clients' responsibility to assess their management so that they truly give us the required documentation. Therefore, the issue may be resolved if the senior management consistently adopts auditor feedback.

## **CHAPTER 2: ORGANIZATION PART**

### **2.1 INTRODUCTION**

During my academic years, I learned a lot in the sectors of accounting and finance; eventually, my target was to implement my learnings and knowledge in the real-life scenario. The primary objective of my joining Hoda Vasi Chowdhury & Co. was to understand accounting procedures. My primary objective throughout the internship was to do the audit for which I was recruited, but my secondary objective was to learn as much as I could.

This chapter of the report will give an overview of Hoda Vasi Chowdhury & Co., its different managerial practices, and its accounting procedures. In short, it will provide the academic readers with a background on the company.

To complete this part of the report, both primary and secondary research were conducted. The primary sources were the professionals at the firm. I talked with them in order to collect information. Afterwards, secondary sources that I used to compile my data were the company website, Google Scholar, and ICAB reports from the past.

However, there were some limitations. These included the confidentiality factor of the firm during my internship time. Because of financial confidentiality, the financial reports were not publicly available, and I was not allowed to study their financial statements. Secondly, there were time constraints that hampered the qualitative analysis because deeper research on the

topic could not be done. As a result, to finish the report, the majority of the research had to be done using the primary data I had gathered as well as previous data.

## **2.2 OVERVIEW OF THE COMPANY**

### **2.2.1 About the company (Hoda Vasi Chowdhury & Co.)**

According to Business Inspection BD as well as CA Bangladesh (2022), Hoda Vasi Chowdhury & Co. is the top second CA firm among all the CA firms in Bangladesh. Founded in 1962 with the style and name of a Scottish firm, "A F Ferguson & Co.," the company has grown to become a trusted partner for businesses of all sizes and industries. The firm offers a comprehensive range of accounting and consulting services, including bookkeeping, financial statement preparation, tax planning and preparation, auditing, valuation, business consulting, and advisory services. Both the Bangladesh Securities and Exchange Commission and Bangladesh Bank continuously classify HVC as a Category "A" Chartered Accounting (CA) company. According to Iqbal Chowdhury, CEO of LafargeHolcim Bangladesh (2023), Hoda Vasi Chowdhury & Co. has a team of highly qualified and experienced professionals who are dedicated to delivering customized solutions to meet the unique needs and preferences of each client. HVC is one of the top-ranking and largest professional service suppliers to the nation's banking industry, according to a ranking by Bangladesh Bank based on an independent evaluation. HVC has also received recognition from the Bangladesh Securities and Exchange Commission (BSEC) as one of the country's top accounting firms for its work auditing listed enterprises. After conducting a strategic assessment, HVC elected to associate with PricewaterhouseCoopers (PwC), and has since been serving as a preferred audit company of PwC in Bangladesh. Prior to this, HVC had more than 15 years of experience serving as an independent correspondent company to Deloitte Touche Tohmatsu.

### **2.2.2 Vision & Mission Statement of HVC**

Each business has a vision and mission statement that outlines its goals and objectives for long-term development. Such claims are essential for every business to make in order to advance. HVC has a mission statement and a vision as an accounting service provider.



## Vision Statement

- To uphold the reputation and recognition as one of the best professional service providers in this region.

The company has established a strong reputation as a leader in the accounting and consulting industries in Bangladesh and is known for its professionalism, integrity, and dedication to delivering exceptional service.

## Mission Statement

- Act with integrity, openness and transparent manner to instill full confidence of all stakeholders.
- Tailoring professional efforts as solution provider and trusted partner to our client.
- Keeping pace with the global growth and regional development trends to apply locally.
- Provide best possible learning, development and mentoring to our people to explore full potential.
- Helping Clients to excel through continued growth.

### 2.2.3 The story - Pioneers of Professional Service in Bangladesh

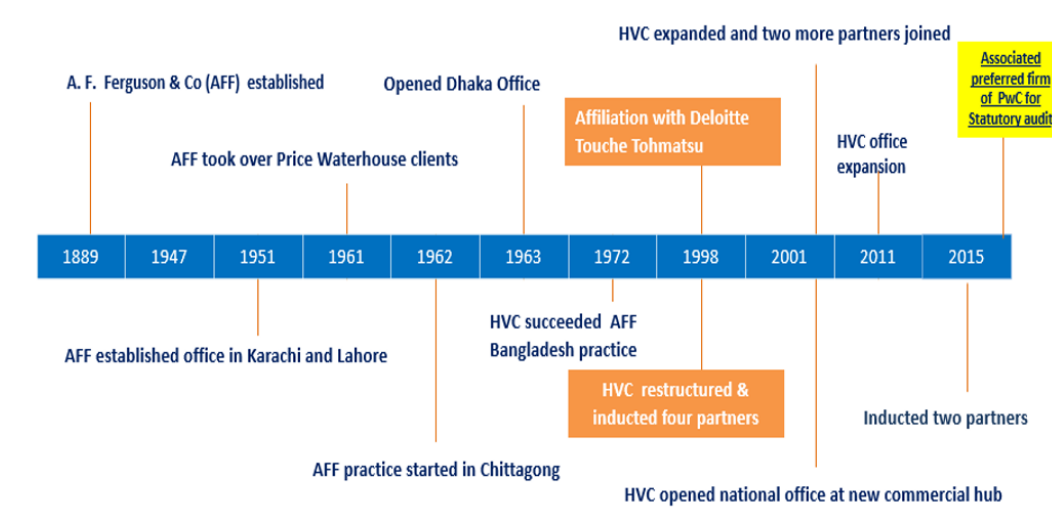


Figure 01: History flow of Hoda Vasi Chowdhury & Co.

## 2.2.4 The Leadership team (Partners) of HVC

At the moment, HVC has six partners with a combined total of more than 25 years of professional experience.



Figure 02: Leaders of Hoda Vasi Chowdhury & Co.

## 2.2.5 Services offered by HVC

Over the course of almost 60 years, Hoda Vasi Chowdhury & Co. has served a broad and prosperous clientele operating in a variety of industries and business segments with high-quality accounting and consulting services, including taxation, audit, management consulting, valuation, and business consultation in a quick, effective, and well-informed manner. All the clients appreciate the independent, unbiased, and qualified advice for its clarity, coherence, and usefulness. HVC is renowned for making sensible suggestions that tackle tricky business problems head-on. It has a solid track record of working effectively with the majority of the reputable and top-performing companies operating in Bangladesh as a result.

## 2.2.4 Clients Portfolio

### Major Audit Clientele & Advisory Clientele

- **Consumer and industrial market sector**

LafargeHolcim Bangladesh, Linde Bangladesh, Unilever, GlaxoSmithKline, Coca Cola, Nestle, Intertek Bangladesh, British American Tobacco, Berger Paints, P&G,

YKK Bangladesh, Coats Bangladesh, Viyellatex Group, Perfetti Van Melle, EPIC Group Hong Kong, Etacol Bangladesh, Heidelberg Cement, Must Garments Hong Kong, Youngone Group, Microsoft, Motorola, CP Bangladesh, Yamaha Motors, Novo Nordisk, Ogilvy & Mather, Bata, Uber, ACI Group, Popular Group, Lab Aid Group, and many others.



- **Telecommunication sector**

Robi-Axiata, Banglalink, Bangladesh Telecommunication Co. Ltd. (BTCL), Bangladesh Submarine Cable Company, Teletalk, Airtel Bangladesh, BTRC, On Mobile Global, and Telenor International.

- **Service sector**

Starwood Hotels and Resorts, Turkish Airlines, Qatar Airways, IATA.



- **Banking and Financial sector**

Bangladesh Bank (the local central bank), Standard Chartered Bank, Citi Bank N.A., HSBC, BRAC Bank, Eastern Bank, Delta Brac Housing, Prime Bank, United Leasing, IDLC, Dutch Bangla Bank, IPDC, The City Bank, Grameen Bank, Dhaka Bank, UCBL, Woori Bank, Bank Al Falah & more.



- **Development partners, Donors, NGOs**

ICDDR, Engender Health BCO, Partners in Population and Development, Practical Action Bangladesh, UNDP, DFID, UNICEF, World Bank, Asian Development Bank etc.



- **Energy and natural resources**

Bangladesh Power Development Board, Meghna Petroleum, Padma Oil, United Power, Summit Power, PowerTek Malaysia, Jamuna Oil, Eastern Refinery, PowerTek Malaysia, Desh Energy, and among others.

### **Some Internal Audit Credentials**

- Avery Dennison, Nasir Tobacco, Mitali Fashions Ltd, Tanin Group, Bangladesh Cricket Board, GE Medical Systems Bangladesh, Orient Energy Systems Ltd, Kollol Group, SABINCO, Dutch-Bangla Bank Limited, Saudi Bangla Fish Feed Limited, and many others.

### **Some Due-diligence Credentials**

- Central Pharma, EON Group, Grameen Phone, AES Corporation, USA, New Power England Company (NEPC), Coastal Corporation, USA, Heidelberg Cement Bangladesh, A K Khan Group, Mirpur Ceramic, Lafarge – for acquisition of cement plant, SaraLee for JV with ACI Bangladesh, Khulna Power Company Limited, Busana Group, United Summit Coastal Limited - for US Client, NEPC Power Consortium Ltd - for Globeleq, USA, AkTel – for EtSalat, UAE in association with Deloitte, Singapore, AkTel – for a Japanese Client in association with Deloitte, Japan, A local Company – for P&G (customer due diligence), BracNet, KAFCO, and many others.

### **Major Tax and VAT Clientele**

- Coats Bangladesh Ltd, LafargeHolcim Bangladesh Limited, United Finance Limited, Therap BD Limited, Thakral Information Systems Pvt. Ltd, Thakral One Private Limited, Therap (BD) Ltd, VU Mobile Limited, Cimsolutions Bangladesh Limited, LM Ericsson Bangladesh Ltd, Teletalk Bangladesh Limited, Qatar Airways Group (Q.C.S.C), YKK Bangladesh Ltd, OnMobile Bangladesh Private Limited, OnMobile Bangladesh Private Limited.



## 2.3 MANAGEMENT PRACTICES

Hoda Vasi Chowdhury & Co. is a leading accounting and consulting firm in Bangladesh, known for its exceptional management practices that have helped it build a reputation as a reliable and trusted partner for businesses of all sizes. The company has implemented several strategies to ensure that it delivers top-quality services to its clients while maintaining high levels of employee satisfaction.

One of the key management practices that Hoda Vasi Chowdhury & Co. places a strong emphasis on client satisfaction. The company carefully engages with clients to ascertain their demands and provide solutions that are specially designed to satisfy those needs. This approach has helped the firm build long-lasting relationships with clients, who trust the company to deliver high-quality services on time and within budget. The firm also tries to focus on innovation and continuous improvement. The company makes significant investments in new technologies, training programs, and procedures to stay abreast of market trends and provide great services to its clients. This has helped the business maintain a competitive advantage in the market and gain the confidence of its customers.

HVC also practices a democratic leadership style, which involves the leaders or partners involving team members as well as article students in the decision-making process and taking their input into account before making final decisions. This style fosters collaboration, communication, and teamwork, which can lead to higher job satisfaction, greater productivity, and better outcomes for clients. In a democratic environment, article-students are encouraged to share their ideas, opinions, and expertise, which can lead to innovative solutions and increased creativity. This style also helps to build a strong sense of responsibility among team members, which can lead to a greater commitment to the firm's goals and mission by ensuring high quality professional services.

Furthermore, Hoda Vasi Chowdhury & Co. places great emphasis on transparency and ethical business practices. The company has a zero-tolerance policy for unethical behavior, all employees and students are required to adhere to a strict code of conduct. This approach has

helped the firm earn a reputation for integrity and trustworthiness, which has helped it attract and retain clients over the years.

Two hiring procedures are established at Hoda Vasi Chowdhury and Co.'s-chartered firm. Finding new administrative staff comes first on the hiring process, followed by finding new CA articleship candidates. To hire regular employees for the organization, especially an administrative staff or manager, one to three candidates are selected from a pool of job interview candidates in a group interview environment. On the other hand, the panel interview procedure is typically used when only articleship students are chosen by the firm. The articleship applicant must attend a viva, and then a 6-months' probation period is granted to the student. After these 6 months of the provision period, a written exam is taken. After passing the exam, the student is referred to the ICAB for the articleship.

Another management practice that sets Hoda Vasi Chowdhury & Co. apart is its focus on employee development and training. The company offers regular training programs and professional development opportunities to its employees to help them stay up-to-date with the latest industry practices and improve their skills, such as training on audit procedures, compliance checking, tax planning, and so on. This approach has helped the firm attract and retain talented employees as well as talented article students who are able to deliver high-quality services to clients.

Hoda Vasi Chowdhury & Co. also has a strong culture of collaboration and teamwork. The company encourages employees to work together and share their knowledge and expertise to deliver the best results for clients. This approach has helped the firm build a strong team of professionals who are able to work together seamlessly to deliver top-quality services.

Overall, the management practices of Hoda Vasi Chowdhury & Co. are a shining example of how a company can build a successful business while maintaining a strong focus on the democratic leadership style, a healthy work environment inside the firm, ethics as well as the code of conduct, employee development, and client satisfaction. The firm's commitment to innovation, transparency, and teamwork has helped it to establish itself as a leader in the industry, and its dedication to continuous improvement ensures that it will remain at the forefront of the market for years to come.

## 2.4 MARKETING PRACTICES

A well-known accounting and consulting company in Bangladesh with a solid reputation for its marketing strategies is Hoda Vasi Chowdhury & Co. The business uses a variety of marketing techniques to publicize its offerings, draw in new customers, and uphold enduring connections with current ones.

One of the key marketing practices that Hoda Vasi Chowdhury & Co. employs is a focus on building strong relationships with clients. The company understands that the success of its business is dependent on the satisfaction of its clients and therefore places a high priority on delivering exceptional customer service. The firm's dedicated client relationship management team ensures that clients are kept up-to-date on the progress of their projects and are provided with regular updates on any developments or changes.

HVC is uniquely positioned to impart high-quality, reasonably affordable, and useful advice to clients that include multinational corporations, private businesses, non-profit organizations, governmental entities, and emerging or start-up firms. It's what distinguishes us as devoted and effective leaders in the audit profession.

Another marketing practice that sets Hoda Vasi Chowdhury & Co. apart is its commitment to delivering tailored solutions that meet the specific needs of its clients. The firm recognizes that every client is unique, and therefore it takes time to understand their individual requirements and preferences. This approach has helped the company develop a loyal client base that appreciates the personalized attention and high-quality services that they receive.

Hoda Vasi Chowdhury & Co. doesn't advertise to attract fresh clients since they don't need to because they have a strong reputation within the sector. However, it maintains an active presence on social media platforms such as LinkedIn and Facebook, where it shares updates on its services and industry news. The firm also participates in industry events and conferences, where it has the opportunity to network with potential clients and showcase its expertise.

Overall, the marketing practices of Hoda Vasi Chowdhury & Co. are a testament to the company's commitment to delivering exceptional services and building strong relationships with clients. By employing a range of marketing strategies and focusing on client satisfaction, the company has been able to establish itself as a leader in the industry and attract new clients on a regular basis. The firm's dedication to delivering tailored solutions and staying up-to-date

with the latest industry trends ensures that it will continue to thrive in the highly competitive market.

## **2.5 FINANCIAL PERFORMANCES AND ACCOUNTING PRINCIPLES**

Hoda Vasi Chowdhury & Co. manage their financial and accounting performance by adhering to a well-established framework. Due to the fact that they are a private limited company, they uphold a strict policy respecting the secrecy of their financial statements.

Regarding overall service revenue, the company has grown at a respectable rate over the years. The company has been able to maintain a steady stream of clients, thanks to its reputation for delivering high-quality services and building strong relationships with clients. The firm's strong focus on client satisfaction and delivering tailored solutions has also helped it retain clients over the long-term. The company's dedication to transparency and ethical business practices has helped it minimize costs and maximize profits.

Being an accounting company, Hoda Vasi Chowdhury & Co. must carefully uphold the accounting standards for both themselves and for others (clients) because part of their everyday work involves doing audits and offering accounting services to several different corporate entities. It complies with all the principles and standards followed by the ICAB which requires the firm to follow all the sections and rules mentioned in IFRS as well as IAS. The company adheres to IAS 1, which deals with the presentation of financial statements, in the production and presentation of financial statements.

In addition to revenue and profitability, Hoda Vasi Chowdhury & Co. has also demonstrated strong cash flow management. The firm's careful attention to financial planning and management has helped it maintain a healthy cash flow and ensure that it has the resources it needs to invest in new technologies, training programs, and processes. This approach has helped the company remain competitive and stay at the forefront of the industry.

Overall, the strong revenue growth, profitability, and cash flow management have helped the firm maintain a strong financial position as well as ensure standardized accounting practices.



## 2.6 COMPETITIVE ANALYSIS

**SWOT analysis** is a strategic planning tool used to evaluate the strengths, weaknesses, opportunities, and threats of a business. Here is a SWOT analysis of Hoda Vasi Chowdhury & Co.:

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>● Expertise and Experience</li> <li>● Strong Brand reputation</li> <li>● Diversified offerings</li> <li>● Strategic Location</li> <li>● Vast Client List</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>● Limited geographic reach</li> <li>● Limited resources</li> <li>● Pressure and Deadline</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Market Expansion</li> <li>● Diversification of services</li> <li>● Digital transformation</li> <li>● Strategic partnership</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>● Intense competition</li> <li>● Changes in regulation</li> <li>● Economic conditions</li> <li>● Technological disruptions</li> </ul>

Figure 03: SWOT analysis of Hoda Vasi Chowdhury & Co.

- **Strengths:**

1. Expertise and experience: Hoda Vasi Chowdhury & Co. have a team of highly skilled and experienced professionals who offer specialized services to clients.
2. Strong brand reputation: The firm has a strong brand reputation in the market due to its high-quality services, client satisfaction, and ethical practices.
3. Diversified service offerings: The firm offers a wide range of services including accounting, auditing, tax consulting, and advisory services.
4. Strategic location: The firm is located in a strategic location that is easily accessible to clients.

5. Vast Client List: The firm includes a huge client list with a greater network channel with easy accessibility and performance.

- **Weaknesses:**

1. Limited geographic reach: The firm operates only in a specific geographic area (Dhaka and Chittagong) and has not expanded its operations to other regions or countries.
2. Limited resources: The firm may face resource constraints due to its size and limited human resources. As the size of the client base is greater than usual, limitation of human resources puts a huge emphasis on the performance.
3. Pressure and Deadline: Because of having too many clients, the pressure and deadline sometimes becomes uncontrollable. This is also a problem for the article-students as they have to work as well as study at the same time.

- **Opportunities:**

1. Market expansion: The firm can explore opportunities to expand its services to other regions or countries, increasing its client base and revenue.
2. Diversification of services: The firm can explore opportunities to diversify its service offerings and provide additional services to clients, such as Human Resource Audit service.
3. Digital transformation: The firm can leverage digital technologies to improve its efficiency and effectiveness, enhance client experience, and reduce costs.
4. Strategic partnerships: The firm can form strategic partnerships with other firms to expand its capabilities and reach.

- **Threats:**

1. Intense competition: The accounting and consulting industry is highly competitive, and the firm faces competition from established firms as well as new entrants.
2. Changes in regulations: Changes in regulations or tax laws can impact the firm's operations and revenue.
3. Economic conditions: Economic downturns or recessions can impact the demand for the firm's services and affect its revenue.
4. Technological disruptions: Technological disruptions can impact the firm's operations and require significant investments in technology to remain competitive.

To analyze the competitive environment of a business, a common tool used by the researchers is Porter's five forces. Here is a **Porter's Five Forces analysis** of Hoda Vasi Chowdhury & Co.:

- **Threat of new entrants (High)**

The accounting and consulting industry has low barriers to entry, and new firms can enter the market easily. Therefore, the threat is high for new entrants. Recently, many rivals have also entered the market. However, new entrants may face challenges in building a reputation and establishing a client base, which can limit the threat to Hoda Vasi Chowdhury & Co.

- **Bargaining power of suppliers (Low)**

This is low for Hoda Vasi Chowdhury & Co. Future CA or articleship students, and the current professionals are considered suppliers for Bangladeshi CA firms. The bargaining power of such suppliers is very low. There are some policies included and these policies are quite favorable for Hoda Vasi Chowdhury & Co.

- **Bargaining power of buyers (High)**

This criterion is high in the accounting and consulting industry, as clients have many options to choose from. Clients may demand high-quality services at competitive prices, which can limit the firm's pricing power.

- **Threat of substitutes (Moderate)**

Threat of being substitute is moderate for Hoda Vasi Chowdhury & Co. Clients may choose to use in-house resources (internal auditor) for accounting and consulting services, or they may choose to work with other firms. However, the firm's strong reputation and specialized services may differentiate it from other options.

- **Competitive rivalry (High)**

The competitive rivalry in the accounting and consulting industries is high. Hoda Vasi Chowdhury & Co. faces competition from both established firms and new entrants. To remain

competitive, the firm must differentiate itself through high-quality services, specialized expertise, and strong client relationships.

## **2.7 SUMMARY AND CONCLUSION**

To conclude with, the chapter 2 briefly talks about the necessary information related to Hoda Vasi Chowdhury & Co., the company overview, and the company's background. Afterwards, it talks about the managerial practices that the company follows, which include the leadership styles, different management policies, and general information. Then, marketing practices were discussed, as was the firm's grave emphasis on building strong relationships with their clients, and finally, accounting and financial practices were discussed in general. Financial statements were not shown because of the limitation of confidentiality. At the end, a competitive analysis was drawn with the help of two tools. This included SWOT analysis as well as Porter's five forces model. It gave an in depth look at the competitive environment of the current industry.

To sum up, Hoda Vasi Chowdhury & Co. is a renowned firm of Bangladesh, serving in the industry for more than 60 years. With many awards and recognition, the journey of the firm has been extraordinary, as well as it is serving and adding great value to the auditing profession in the context of Bangladesh.

## **2.8 RECOMMENDATIONS**

The majority of the time I spent doing audits at the client's office during my internship, but I still saw a few key areas where Hoda Vasi Chowdhury & Co. may improve in the future. The recommendations listed below are:

- To increase the junior audit associates' level of productivity, more training sessions must be organized inside the company, such as training on SAP, training on ORACLE. Since the business accepts a number of fresh graduates each year who wish to enroll in the CA program.
- Every article-ship student's main goal is to become a chartered accountant; thus the firm needs to develop environments that are more conducive to education for their students.

## **CHAPTER 3: PROJECT PART**

### **3.1 INTRODUCTION**

A financial statement audit is aimed at providing an independent and professional opinion with a true and fair view. The concept of fairness refers to whether there is any material misstatement in the financial statement or whether there is any material fraud. Accounting and auditing are important components of every business since they contribute significantly to the economy, capital markets, and effective and efficient operation of any corporation (Lee & Ali, 2008). In Bangladesh, there are hundreds of auditing firms that play a crucial role in conducting financial audits and strengthening the reliability of financial statements prepared by enterprises. In most corporations, the internal administration of the company is carried out by agents who are appointed by the shareholders, who act as the principals but have minimal influence over their actions. And here, auditors serve as a liaison between shareholders and other users of financial information. Auditors are supposed to carry out their responsibilities in a way that gives the users of financial information confidence in the facts and numbers provided in the financial statements. On that point, auditors are often expected to do more than they are actually able to do, because of the nature of their job. This can lead to unrealistic expectations from users of the financial information, resulting in the "expectations gap," which has become well known. This is a problem that frequently arises in accounting and auditing. However, the failure of Enron, WorldCom, and Lehman Brothers, among other companies, has increased this gap and severely harmed the credibility of auditors. Basically, this gap arises when the users of financial information and auditors have differing ideas about what an auditor is responsible for. Numerous studies have been carried out in different nations to determine the origins of the audit expectation gap since it is becoming a threat to the whole audit profession. However, very little research has been conducted in the scenario of Bangladesh, especially on the findings of the factors affecting the audit expectation gap individually.

#### **3.1.1 Objective of the study**

The aim of this paper is to determine the variables that will minimize the audit expectation gap and to suggest a mechanism for it to do so in the context of Bangladesh. Furthermore, the paper emphasizes on ranking the factors in accordance to the primary survey.

### 3.1.2 Significance of the Study

In Bangladesh, there are almost 167 CA firms, and all of them are facing the same types of criticism because of the expectation gap. People have significant misconceptions about the auditor since they are not properly understood about auditing as well as the responsibilities of the auditors. Therefore, the primary significance of this paper is to resolve misunderstandings among the auditors, users of the financial statements, and the general public, thus finding out the effective factors that will help us minimize the audit expectation gap in Bangladesh.

### 3.1.3 Literature Review

The term audit expectation gap mainly the difference between public expectations of what an auditor to do and about in reality what an auditor actually does. It has been a grave issue in the accounting profession for decades, as it leads to mistrust in financial reporting and auditing practices. In this literature review, we will understand and find out the details of the audit expectation gap, what can be and may be the causes, as well as probable solutions to address this issue. This problem in the accounting process is a well-recognized issue in the auditing profession worldwide. In Bangladesh, the audit expectation gap has been identified as a significant challenge that affects the effectiveness of auditing practices.

#### **Concept of Audit Expectation Gap**

Around forty-eight years ago, Liggió coined the term "Audit Expectation Gap" and first used it in literature (1974). It is mainly the difference between public expectations of what an auditor to do and about in reality what an auditor actually does. The responsibility of auditors include providing reasonable assurance that financial statements are free from material misstatements due to any sort of error. However, the public expects auditors will be able to detect the errors and the accuracy of the auditors will be reasonable.

The audit expectation gap is a challenging problem in today's aspect. The gap creates confusion and mistrust in financial reporting and auditing practices. Therefore, reduction of the audit expectation gap will be very crucial for gaining public trust and have confidence in the auditing process.

## **Causes of the Audit Expectation Gap**

Among many the primary causes of the audit expectation gap is the public's little understanding of the auditor's role and responsibilities. According to Duska and Duska (2003), the public tends to overestimate the auditor's responsibilities, believing that auditors are solely responsible in terms of detecting any kind of fraudulent activity and ensuring the accuracy of financial statements. Furthermore, according to Gendron and Bedard (2006), despite the fact that the fundamental duty of the auditor is to give a reasonable confidence of the given financial statements, which will include that they are free from misrepresentation due to any kind of unethical activity, the public expects auditors to spot fraud and guarantee the correctness of financial statements.

Another cause of the audit expectation gap may be unclarity of proper and reliable standards of auditing and the lack of specific guidance in certain areas. According to Ruhnke and Schmidt (2014), the lack of clear guidance from auditing standards can lead to differences in interpretation among auditors, which can contribute to the audit expectation gap. Also, according to the AICPA (2018), auditing standards are often written in general terms, which may allow auditors to interpret the standards differently, leading to inconsistent audit practices.

## **Solutions to the Audit Expectation Gap**

One potential solution to address the audit expectation gap is by improving communication as well as education about the auditor's responsibilities. According to the International Federation of Accountants (IFAC) (2018), enhancing communication about the auditor's role and responsibilities can help bridge the gap between public expectations and the reality of the auditor's responsibilities. According to Bédard et al. (2015), increasing public education and awareness about the auditor's role can help bridge the gap between public expectations and the reality of the auditor's responsibilities.

Another solution to address the audit expectation gap is to enhance the clarity and specificity of auditing standards. According to Krishnan and Krishnan (2002), improving the clarity and specificity of auditing standards can help reduce differences in interpretation among auditors, which can be a contributing factor to the audit expectation gap.

Another solution is to increase the accountability and transparency of auditors. According to DeZoort and Harrison (2016), auditors can increase their accountability by providing detailed

information about their audit procedures and findings, as well as communicating any limitations in their work.

### **Audit Expectation Gap in Bangladesh**

According to Haque et al. (2019), the audit expectation gap is a significant issue in Bangladesh. The public's lack of awareness of the auditor's function and responsibilities is the main contributor to the audit expectation gap in Bangladesh. Although the fundamental duty of the auditor is to offer reasonable confidence that the financial statements are free from substantial misrepresentation due to mistake or fraud, the public expects auditors to detect fraud and assure the accuracy of financial statements.

The public in Bangladesh has high expectations of auditors, including detecting fraud and ensuring the accuracy of financial statements, which ultimately leads to a mismatch in expectations and a lack of trust in financial reporting and auditing practices.

### **Ways to Reduce Audit Expectation Gap in Bangladesh**

Several ways have been proposed to address the audit expectation gap in Bangladesh. One solution is to improve the quality of audit education and training. According to Azim and Bhuiyan (2018), enhancing the quality of audit education and training can help auditors to perform their duties more effectively and efficiently. Additionally, increasing the accountability and transparency of auditors can help in order to reduce the gap. According to Haque et al. (2019), auditors can increase their accountability by providing detailed information about their audit procedures and findings, as well as communicating any limitations in their work.

Another solution is to increase public awareness about the auditor's responsibilities. According to Rahman et al. (2020), educating the financial information users about the auditor's role and responsibilities can help to minimize the gap between the auditor and auditee. Additionally, improving the communication between auditors and their clients can help reduce the audit expectation gap. According to Azim and Bhuiyan (2018), auditors should communicate with their clients throughout the audit process in order to ensure that the client understands the auditor's role and responsibilities.



The audit expectation gap is a significant issue that affects the auditing profession in Bangladesh. The gap rises due to the public's lack of understanding of the auditor's responsibilities. Solutions can include improving the quality of audit education and training, increasing the accountability and transparency of auditors, increasing public awareness about the auditor's role and responsibilities, and improving communication between auditors and their clients. By implementing these solutions, the audit expectation gap in Bangladesh can be reduced, leading to increased trust in financial reporting and auditing practices.

### **3.2 METHODOLOGY**

To get a successful outcome from the study, both primary and secondary data sources need to be collected and examined. For the primary data, more than hundred participants from three randomly chosen groups had been given a questionnaire with five independent variables and a dependent variable. Among the one hundred and eleven (111) responses, 34 (thirty-four) had been collected from the end users of audited financial statements, such as bankers, investors, governmental regulatory bodies, as well as clients. 31 (thirty-one) responses had been from the articulated students who are currently practicing the accounting profession, and 46 (forty-six) responses had been collected from the upcoming graduate student. After collecting all the data from the respondents, summarize the responses to see which independent factors have the strongest effect on reducing the expectation gap, and based on these results, collect data from secondary sources like Google Scholar, Scopus Web of Science, DOAJ, JSTOR, and other relevant sources. In order to perform the research, I will primarily concentrate on the mixed technique, which gives me both a qualitative and quantitative approach.

### 3.3 FINDINGS AND ANALYSIS

#### 3.3.1 Knowledge of the financial information users

To understand the user knowledge, surveys have been conducted across multiple organizations and employees in various industries. Questions were asked to know the assurance knowledge of the employees that in the long run will help to understand if any kind of steps are needed to be taken to reduce this gap.

Based on the survey responses, a total of 34, mainly five industries, were highlighted for audit purposes. The respondents were either from the banking or cement or IT or manufacturing or

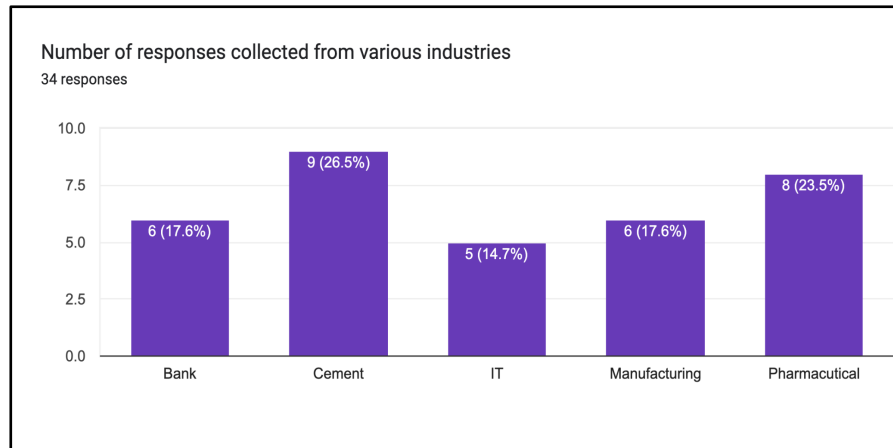


Figure 04: Bar Chart of number of respondent's industries

pharmaceutical industries. 26.5% of the respondents were from Cement industry, secondly, 23.5% were from Pharmaceutical. Then there were banks, manufacturing, and IT, respectively, at 17.6%, 17.6%, and 14.7%.

Among the respondents from the above industries, 55.9% responded that absolute assurance has been given by the auditor, 5.9% responded for limited assurance, which concludes for a total of 61.8% for wrong assumptions. 38.2% of respondents agreed to reasonable assurance; however, this number should have been higher.

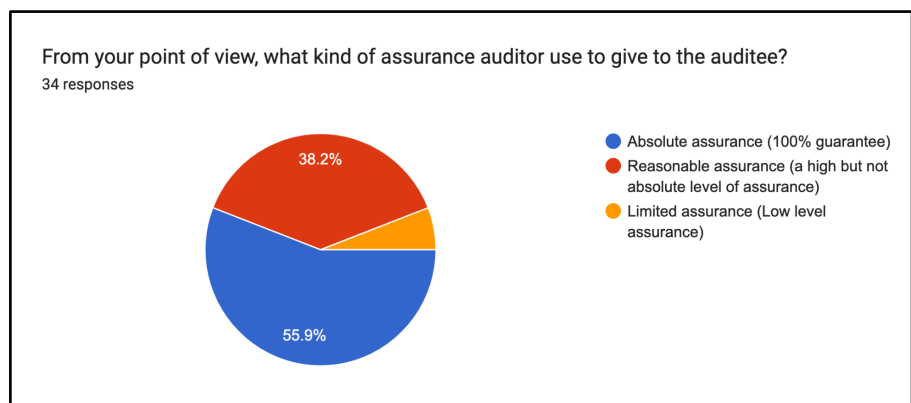


Figure 05: Pie Chart of respondent's knowledge about the given assurance.

As per the data, a little more than one third of the respondents agreed

that reasonable assurance was delivered, which indicates the wrong assumption of proper

information. Thus, it can lead to the conclusion that there is an audit expectation gap between auditors and auditees.

### 3.3.2 Factors reducing the audit expectation gap (data collected from the Articled Student)

As per the previous survey, there is a problem of an audit expectation gap between auditors and auditees. This leads to further surveys conducted among the articled students, which lead to determine the factor or factors that may help to reduce the audit expectation gap. In this survey, there were a total of 31 respondents.

When the respondents were asked to answer if, according to them, if the

audit expectation gap is a serious problem that can be minimized or not, 96.8% of them said that it is indeed and rest of the few answered no.

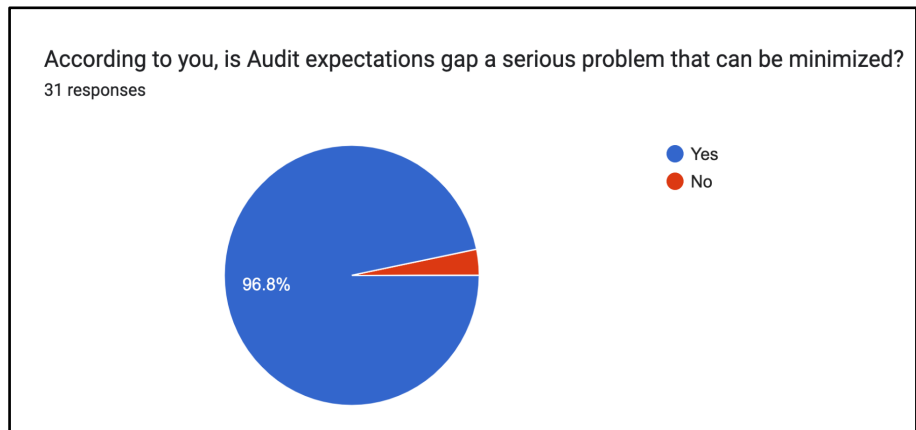


Figure 06: Pie Chart of article-ship student about reducing the expectation gap

A large number of respondents strongly agreed that the audit expectation gap is generated among financial information users due to misunderstandings

about the auditor's responsibilities, with

32.3% agreeing to the statement, followed by strongly disagreeing and respectfully partially agreeing.

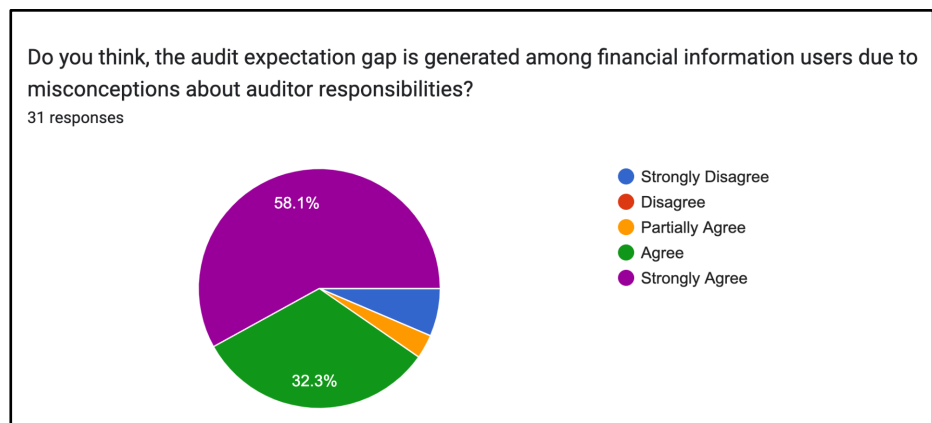


Figure 07: Pie Chart of article-ship student about AEG due to misconception of users

Afterwards, the respondents were asked to rank, according to their preferences, what could be the best ways to reduce the audit expectation gap. The first rank was given to audit and

assurance chapters/courses for all undergrad programs; the second rank included the factor of compliance with audit standards; and the third rank was monitoring and regulations by the

Rank the 6 possible ways to reduce the audit expectations gap, where rank 1 will represent the best solution according to you and others will follow. Please remember, No criteria can be given the same rank.

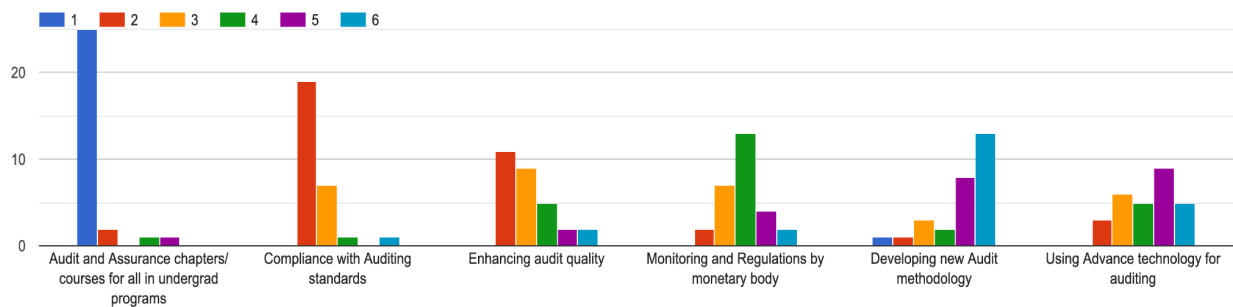


Figure 08: Bar chart of the respondents about the ranking of reducing factors of AEG

regulatory body. Furthermore, the next ranks are, respectively, developing new audit methodologies and using advanced technology for auditing.

This survey concludes the results of understanding the perspective of users on being knowledgeable about reducing the audit expectation gap. Furthermore, a decision can be made on the ranking of the factors according to the respondents on ways to reduce the audit expectation gap, where the first, second, and third ranks go to sequential audit and assurance chapters/courses for all undergraduate programs, compliance with audit standards, and monitoring and regulations by the regulatory bodies.

### 3.3.3 Knowledge of the upcoming graduate Students regarding audit

As per the results of the previous survey, it is understood that audit and assurance learning at the undergraduate level can be one of the crucial factors for reducing the audit expectation gap, other factors are also followed afterwards. Thereby, a further survey is being conducted among the upcoming graduate students to ascertain their knowledge about the audit expectation gap.

Among the 46 respondents 56.6% were from the Accounting and Finance department meaning in future they will be the frontliner who will ultimately deal with the financial information as well as audit. However, students from other departments will also need to deal with the audit

The number of respondents collected from various department

46 responses

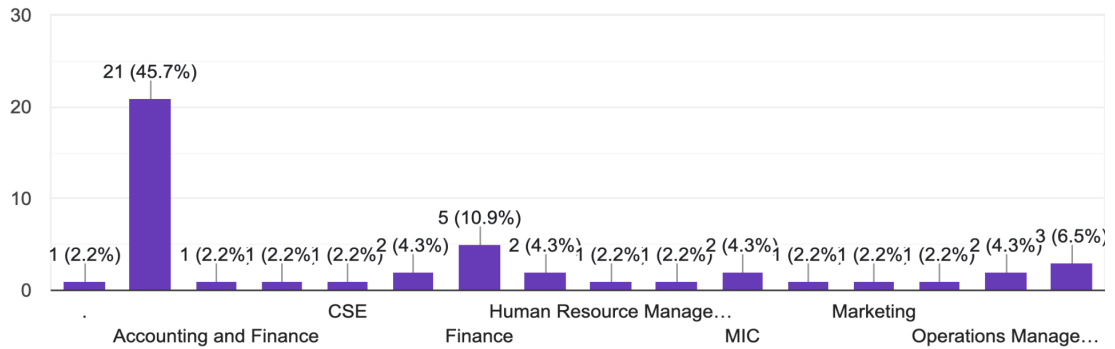


Figure 09: Bar chart of the number of respondents from various department

activities, regardless of their placement in professional life in the near future. Therefore, responses are received from various department students, which include CSE, HRM, MIC, Marketing, MSC, and others.

Afterwards, respondents were asked if they were familiar with the concept of the audit expectation gap. Unfortunately, four-fifths, meaning 80.4%, of the respondents said they were not familiar with the concept of the audit expectations gap.

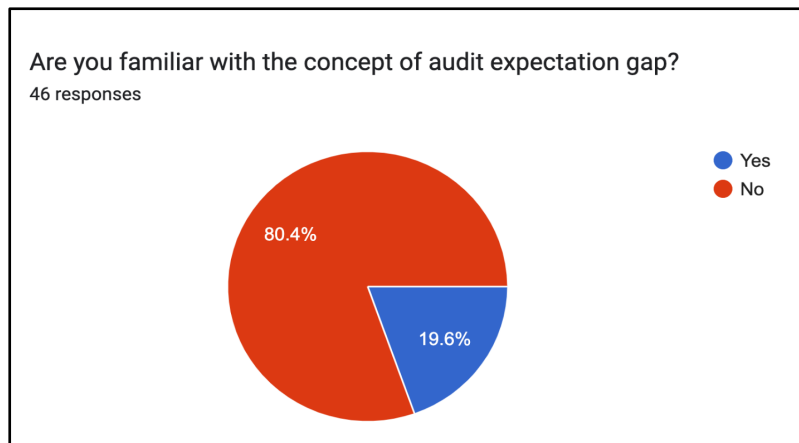


Figure 10: Pie Chart of the respondent's (upcoming undergraduate students) knowledge about the AEG

On the other hand, only 19.6% of them knew what an audit expectation gap is.

Again, a similar question about the assurance level was asked to the students, and 73.9% responded with absolute assurance, 8.7% responded with limited assurance, and only 17.4%

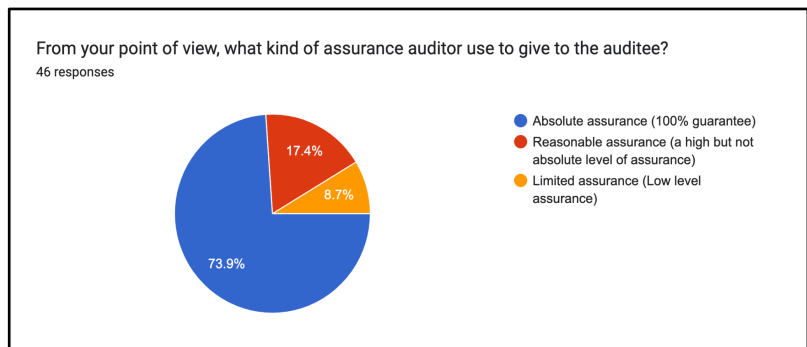


Figure 11: Pie Chart of the respondent's (upcoming undergraduate students) knowledge about the assurance level

responded with reasonable assurance.

The conclusion can be drawn from here, saying that upcoming graduate students have the least knowledge on the audit expectation gap. This knowledge does not only exist in other than finance and accounting departments, rather it is mostly seen among the accounting and finance majors.

### **3.4 SUMMARY AND CONCLUSION**

The aim of this study is to find out the most effective factor that will help in narrowing the audit expectation gap in Bangladesh. After analyzing the primary findings, it becomes clear that a deeper understanding of auditing-related topics is one of the most effective ways, which may help to bridge the gap between society and auditors' differing viewpoints by making it clearer what the auditor's true duties are. This will help people learn more about the true function of auditors as well as their responsibilities. Students today will determine tomorrow, so if they have a solid understanding of what is reasonable for auditors to do, and have a good understanding of auditing, they will also contribute to a change in attitudes and beliefs in the future.

In every private and public sector, auditing is one of the required tools that need to be performed to evaluate and minimize the present as well as the future financial risk. Furthermore, companies incorporated under the Companies Act of 1994 are required to have their financial records audited by a Bangladeshi chartered accounting company that is on the list of firms that are licensed to practice there. Therefore, it is very important for every employee, investor, owner, and all other users of financial information to have an understanding of the limitations and responsibilities of the auditors. And, for that reason, audit education in every field of education is very necessary. According to Hussain (2003), the study of Gramling et al. (1996) has been replicated and expanded in order to show that the expectation gap is favorably impacted by the increased training in auditing. This implies that students who enroll in courses related to auditing may want to reevaluate their prior ideas about what an auditor does. However, except for a few private universities in Bangladesh, chapters or courses related to audit and assurance are not included in the undergraduate program's curriculum. Thus, the result is shown in the above findings.

According to the primary survey, most of the current financial information users as well as future users do not have the idea what they will get from any external auditor. More than seventy percent think the auditor must give absolute assurance, must find all the gaps and fraudulent activities, and prevent all the fraud before it happens. This kind of error in judgment is to blame for creating erroneous expectations about the duties of the auditor and leading to the audit expectation gap.

This audit expectation gap can be reduced, and there are many factors. Respondents have ranked these factors as per their preferences. However, the numbers in the ranking are not far apart. Therefore, there is no 100% guarantee for a single factor that it will surely reduce the audit expectation gap, or that one factor will be greater than another to reduce the audit expectation gap. Thus, all the factors have to be taken into consideration.

Different factors can be applied to reduce the audit expectation gap, and as per the survey, a ranking of the factors is given based on the responses of the respondents. According to the responses, incorporating audit and assurance chapters or courses into undergraduate programs may be the most effective way to close this gap. The audit expectation gap is a significant challenge faced by the auditing profession. It refers to the difference between what the public expects from an audit and what auditors actually do. This gap can lead to misunderstandings and misinterpretations of audit reports, eroding trust in the financial reporting system. To bridge this gap, it is essential to educate stakeholders, including students, about the purpose and limitations of audits. One effective approach is to include audit and assurance chapters or courses in undergraduate programs. By introducing students to the basics of auditing and assurance, educators can help them understand the importance of audits and the expectations that come with them. Students can learn about the different types of audits, the responsibilities of auditors, and the objectives of an audit. They can also learn about the limitations of audits, such as the inherent risk of fraud and the possibility of human error. Such knowledge can help students form realistic expectations about the scope and purpose of an audit and understand the limits of what an audit can achieve. Furthermore, students can learn about the various standards and regulations that govern the auditing profession, including the International Standards on Auditing (ISAs) and the Sarbanes-Oxley Act. This knowledge can help them understand the importance of compliance and the need for auditors to adhere to ethical and professional standards. It can also help them appreciate the role of regulators in overseeing the audit profession and enforcing compliance. In addition to technical knowledge, students can also

learn about the soft skills needed to be an effective auditor. These skills include communication, critical thinking, and problem-solving. By teaching these skills, educators can help students understand the importance of clear communication between auditors and clients. Students can learn how to effectively communicate the scope and limitations of an audit to clients and how to report findings in a clear and concise manner. They can also learn how to analyze complex information and identify potential risks and issues. By including audit and assurance chapters or courses in undergraduate programs, students can gain a better understanding of the role of auditors and the purpose of an audit. They can form realistic expectations about the scope and limitations of an audit and understand the importance of compliance and ethical behavior. This knowledge can help reduce the audit expectation gap and build trust in the financial reporting system. Additionally, this education can prepare students for a career in auditing and help them develop the skills needed to be effective auditors. In conclusion, including audit and assurance chapters or courses in undergraduate programs is a critical step in reducing the audit expectation gap. This education can help students form realistic expectations about the role of auditors, understand the limitations of audits, and appreciate the importance of compliance and ethical behavior. By providing this education, we can help build trust in the financial reporting system and prepare the next generation of auditors to be effective and ethical professionals.

Compliance with the audit standards was ranked second by the respondents in terms of being a factor to reduce the audit expectation gap. Compliance with audit standards is a critical component in reducing the audit expectation gap. Audit standards, such as the International Standards on Auditing (ISAs), provide a framework for auditors to conduct their work in a consistent and systematic manner. Compliance with these standards can help to ensure that auditors meet their professional responsibilities and provide reliable and relevant information to stakeholders. By following these standards, auditors can provide transparency in their work, communicate clearly about their findings, and identify potential risks and issues. Compliance with audit standards can help to build trust in the audit profession and reduce the likelihood of misunderstandings or misinterpretations of audit reports. Overall, compliance with audit standards is an essential step in reducing the audit expectation gap and enhancing the credibility of the audit profession.

In third, monitoring and regulation of the monetary body can play a crucial role in reducing the audit expectation gap. Monitoring and regulations by monetary bodies play a crucial role in



reducing the audit expectation gap. Regulatory bodies are responsible for overseeing the auditing profession and enforcing compliance with professional standards. By monitoring the performance of auditors and ensuring that they comply with relevant regulations, these bodies can help to ensure that auditors meet their professional responsibilities and provide reliable and relevant information to stakeholders. Additionally, these bodies can help to address any discrepancies or inconsistencies in audit reports and promote transparency and accuracy in financial reporting. By providing oversight and regulation of the audit profession, monetary bodies can help to build trust in the audit process and reduce the likelihood of misunderstandings or misinterpretations of audit reports.

Furthermore, developing new audit methodologies is another approach to reducing the audit expectation gap. As business practices and technology evolve, auditors must adapt their methods to keep pace with these changes. By developing new audit methodologies, auditors can improve the quality and effectiveness of their work, address new challenges, and meet the evolving needs of stakeholders. For example, auditors can adopt data analytics and artificial intelligence tools to improve the accuracy and efficiency of their work. They can also focus on risk-based auditing, which involves identifying and prioritizing the areas of greatest risk in a company's financial reporting. By using these and other innovative approaches, auditors can provide more reliable and relevant information to stakeholders, and bridge the gap between what stakeholders expect from audits and what auditors can deliver. Overall, developing new audit methodologies is an essential step in reducing the audit expectation gap and ensuring that the audit profession remains relevant and effective in the face of changing business practices and technology.

Enhancing audit quality is a key step in reducing the audit expectation gap. High-quality audits are critical for providing reliable and relevant information to stakeholders, which in turn can help to build trust in financial reporting and the audit profession. One way to enhance audit quality is to improve the training and professional development of auditors. This includes ensuring that auditors have the necessary knowledge, skills, and experience to perform their work effectively and efficiently. It also involves promoting ongoing learning and development, so that auditors can stay up-to-date with changes in accounting and auditing standards, as well as emerging trends and issues. Another approach is to strengthen the oversight and regulation of the audit profession. This includes establishing clear standards and guidelines for auditing, as well as monitoring and enforcing compliance with these standards. Finally, it is important

to foster a culture of quality and ethics within the audit profession. This involves promoting a commitment to integrity, objectivity, and independence, as well as encouraging open and transparent communication with stakeholders. By promoting these values and behaviors, auditors can help to build trust in the audit process and reduce the likelihood of misunderstandings or misinterpretations of audit reports. Overall, enhancing audit quality is a critical step in reducing the audit expectation gap and promoting the credibility of the audit profession.

In conclusion, audit expectation gaps continue to be a significant issue in Bangladesh, leading to a lack of trust in financial reporting and auditing practices. However, there are several ways to reduce this gap, including introduction of courses in undergraduate level, enhancing auditor independence and objectivity, improving the quality of audit work, and increasing stakeholder awareness and education. Moreover, the adoption of international auditing standards and regular monitoring of auditing firms' performance could also help to close the expectation gap and restore public confidence in the audit profession in Bangladesh. Ultimately, bridging the audit expectation gap is crucial for the credibility and integrity of financial reporting and auditing practices in the country.

### **3.5 RECOMMENDATIONS/IMPLICATIONS**

The development of auditors' and financial statement users' skills and knowledge is crucial to minimize the audit expectation gap in Bangladesh. Nevertheless, this is only feasible if it is possible to identify the underlying reasons for these variations in order to choose potential remedies. Also, it is crucial to inform the public, as well as present and prospective users of financial statements, that the application of the other aforementioned methods intends to lessen the gaps between their and the auditor's viewpoints. To achieve this, a dedication to providing courses that discuss the concepts of audit and assurance as well as the ultimate responsibilities of both auditors and auditees is necessary. Students today are the ones who will evaluate tomorrow, so if they have a sufficient understanding of auditing as well as have a clear understanding of what is reasonable for auditors to accomplish and their responsibilities, they will be able also play a vital role to a change in viewpoints and opinions in the future.

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## APPENDIX

### AA: QUESTIONNAIRES FOR THE FINANCIAL INFORMATION USERS

**Q1: Number of responses collected from various industries \***

Your answer

**Q2: Are you familiar with the concept of audit expectation gap?**

\*

Yes

No

Maybe

**Q3: Can you rate your level of knowledge on the audit expectation gap between 1 - 10 where 1 represents a low level of knowledge and 10 represents the appropriate level of knowledge?**

\*

Low level of knowledge

1

2

3

4

5

6

7

8

9

10

Appropriate level of knowledge

**Q4: From your point of view, what kind of assurance auditor use to give to the auditee?**

\*

Absolute assurance (100% guarantee)

Reasonable assurance (a high but not absolute level of assurance)

Limited assurance (Low level assurance)

### AB: QUESTIONNAIRES FOR THE ARTICLESHIP STUDENTS

**Q1: Are you familiar with the concept of audit expectation gap? \***

Strongly Disagree

Disagree

Partially Agree

Agree

Strongly Agree

**Q2: Can you rate your level of knowledge on the audit expectation gap between 1 - 10 where 1 represents a low level of knowledge and 10 represents the appropriate level of**

**knowledge?**

\*

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

**Q3: According to you, is Audit expectations gap a serious problem that can be minimized?**

- Yes
- No

**Q4: Do you think, the audit expectation gap is generated among financial information users due to misconceptions about auditor responsibilities?**

\*

- Strongly Disagree
- Disagree
- Partially Agree
- Agree
- Strongly Agree

**Q5: Do you think, Incorporating Audit and Assurance courses/chapters in all undergrad programs can reduce misconceptions about the audit expectations gap among financial users? (Rate from 1 to 10, Here, 1 = Less Agreeable, 10 = Highly Agreeable)**

\*

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

**Q6: Do you think, Compliance with Auditing standards can reduce audit expectations gap? (Rate from 1 to 10, Here, 1 = Less Agreeable, 10 = Highly Agreeable) \***

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

**Q7: Do you think, Enhancing the quality of the audit can reduce audit expectations gap? (Rate from 1 to 10, Here, 1 = Less Agreeable, 10 = Highly Agreeable) \***

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

**Q8: Do you think, Proper monitoring and regulations by the regulatory body can reduce audit expectations gap? (Rate from 1 to 10, Here, 1 = Less Agreeable, 10 = Highly Agreeable) \***

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

**Q9: Do you think, using advanced technology for auditing can reduce the audit expectations gap? (Rate from 1 to 10, Here, 1 = Less Agreeable, 10 = Highly Agreeable)**

\*

- 1

- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

**Q10: Rank the 6 possible ways to reduce the audit expectations gap, where rank 1 will represent the best solution according to you and others will follow. Please remember, No criteria can be given the same rank.**

- 1
- 2
- 3
- 4
- 5
- 6

Audit and Assurance chapters/courses for all in undergrad programs  
 Compliance with Auditing standards  
 Enhancing audit quality  
 Monitoring and Regulations by monetary body  
 Developing new Audit methodology  
 Using Advance technology for auditing  
 Audit and Assurance chapters/courses for all in undergrad programs  
 Compliance with Auditing standards  
 Enhancing audit quality  
 Monitoring and Regulations by monetary body  
 Developing new Audit methodology  
 Using Advance technology for auditing

**Q11: Can you explain in few words why you have chosen your rank 1 solution?**

Your answer

**Q12: Apart from all these criteria, do you have any recommendation by which the audit expectation gap can be reduced?**

Your answer

**AC: QUESTIONNAIRES FOR THE UPCOMING GRADUATE STUDENT**

**Q1: Can you please mention, which department are you from?**

**ex: BBA**

\*

Your answer

**Q2: The number of respondents collected from various department**

\*

Your answer

**Q3: Are you familiar with the concept of audit expectation gap?**

\*

Yes

No

**Q4: Can you rate your level of knowledge on the audit expectation gap between 1 - 10 where 1 represents a low level of knowledge and 10 represents the appropriate level of knowledge?**

\*

Low level of knowledge

1

2

3

4

5

6

7

8

9

10

Appropriate level of knowledge

**Q5: From your point of view, what kind of assurance auditor use to give to the auditee?**

\*

Absolute assurance (100% guarantee)

Reasonable assurance (a high but not absolute level of assurance)

Limited assurance (Low level assurance)