

Report On

The Importance of Internal Auditing by Independent Auditors to a Hi- Tech Manufacturing Organization: Evidence from Walton Hi-Tech Industries PLC

By

Mahjabin Ahmed
18204034

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

BRAC Business School (BBS)
BRAC University
September 2023

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Declaration

It is hereby declared that

1. The internship report submitted is my 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 have acknowledged all main sources of help.

Student's Full Name & Signature:

Mahjabin Ahmed
18204034

Supervisor's Full Name & Signature:

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

Letter of Transmittal

31 August, 2023

To,

Dr Md. Kausar Alam

Assistant Professor, BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report on “The Importance of Internal Auditing by Independent Auditors to a Hi-Tech Manufacturing Organization: Evidence from Walton Hi-Tech Industries PLC”.

Dear Sir,

It is my pleasure to be able to handover my internship program report to you on “The Importance of Internal Auditing by Independent Auditors to a Hi-Tech Manufacturing Organization: Evidence from Walton Hi-Tech Industries PLC” as per the prerequisite of completion of the Bachelor of Business Administration Program. It is a great opportunity for me to complete the report under your supervision. Additionally, working alongside ACNABIN Chartered Accountants was a delightful experience. I exerted utmost diligence in integrating the advice and suggestions you provided throughout the process of compiling this report.

Therefore, I express my gratitude to you for your prompt supervision, generous cooperation, and valuable guidance in the preparation of my internship report. I acknowledge and appreciate that you will evaluate my report taking into account the limitations of the study.

Sincerely yours,

Mahjabin Ahmed

ID: 18204034

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 of BRAC Business School, BRAC University.

Mahjabin Ahmed

ID: 18204034

BRAC Business School

BRAC University

Acknowledgment

I would like to extend my heartfelt appreciation to the BRAC Business School (BBS) for granting me the wonderful opportunity to undertake an internship at ACNABIN Chartered Accountants, one of the prominent accounting firms in Bangladesh. Additionally, I am deeply grateful to my academic supervisor and co-supervisor, Dr. Md. Kausar Alam, and Dr. Md. Mizanur Rahman, for providing vital guidance and support throughout the completion of my internship report.

Furthermore, I would like to express my sincere thanks to Muhammad Aminul Hoque Fca, Partner of ACNABIN Chartered Accountants, for accepting me as an intern in their esteemed firm. During my internship, I had the privilege of closely working with Md. Shif All Mostakin, Manager of Audit and Consultancy, who served as my job supervisor. I am immensely thankful to him for his generous assistance in procuring the necessary information for my report. Apart from my supervisor, I would also like to convey my gratitude to the other audit associates of ACNABIN Chartered Accountants, whose willingness to spare time from their busy schedules to respond to my queries was greatly appreciated.

Executive Summary

This report titled “The Importance of Internal Auditing by Independent Auditors to a Hi-Tech Manufacturing Organization: Evidence from Walton Hi-Tech Industries PLC” Shows an internal audit experience within a high-tech manufacturing corporation called Walton Hi-Tech Industries PLC, while defining their internal audit processes on behalf of ACNABIN Chartered Accountants.

The first part of the report primarily emphasizes on the weekly journals and the outcome of the internship. This section outlines my activities throughout the 12th-week internship duration, emphasizing the knowledge/experience I gained and the value I brought to the organization as an intern.

The second part of the report focuses on the company information. In this section, I attempt to create a comprehensive portrayal of ACNABIN Chartered Accountants and Walton Hi-Tech Industries PLC. This portrayal is particularly important as my internship, facilitated by ACNABIN, revolved around serving as an intern for Walton Hi-Tech Industries PLC during the 12th week.

Lastly, the project part explains the positive outcomes of internal audits conducted by independent auditors and their essential role in enhancing the operational efficiency of a hi-tech manufacturing organization. Additionally, it portrays an efficient audit procedure that should be adopted by all organizations for their internal auditing endeavors. Furthermore, the section addresses challenges encountered by auditors and proposes strategies to effectively overcome them.

Keywords: Chartered Accountancy, Internal Audit, Independent Auditor, Audit Procedure, Financial Statements, Accounting Practice.

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List of Acronyms

WHIPLC	Walton Hi-Tech Industries PLC
PLC	Public Limited Company
IA	Internal Audit
APM	Audit Practice Manual
EBS	Oracle E-Business Suite
SOP	Standard Operating Procedure
SOD	Scope of Development
CSM	Customer Service Management
ICAB	The Institute of Chartered Accountants Bangladesh
CA	Chartered Accountant
ISA	International Standards on Auditing
BSA	Bangladesh Standards on Auditing
NRB	National Board of Revenue
NGO	Non-Governmental Organization
UN	United Nations
ERP	Enterprise Resource Planning
AI	Artificial Intelligence
IT	Information Technology
IAD	Internal Affairs Division
IFRS	International Financial Reporting Standards
GAAP	Generally Accepted Accounting Principles
E&E	Electrical & Electronics
R&I	Research & Innovation

Glossary

Independent Auditor The term "independent auditor" refers to a certified public accountant (CPA) or chartered accountant (CA) who reviews the financial documents and transactions of an organization with which they are not associated.

CC Period The term "CC period" refers to the time frame of the CA article-ship, which is typically three years for graduate students. The article-ship term for students who began it after taking their HSC/A-Levels or a similar exam is four years.

Chapter 1: Overview of Internship

1.1 Student Information

Name: Mahjabin Ahmed

BRACU ID: 18204034

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

Major: Accounting and Finance

1.2 Internship Information

1.2.1 Period, Company, Department and Address

Period: 12 Weeks (3 Months), 31st January 2023 – 30th April 2023

Company Name: ACNABIN Chartered Accountants

Department: Internal Audit

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

1.2.2 Company's Supervisor's Information

Name: Md. Shif All Mostakin

Designation: Manager, Audit and Consultancy

1.2.3 Job Responsibility

During my internship period, I worked in the Internal Audit department of ACNABIN Chartered Accountants under the client “Walton Hi-tech Industries PLC”. I had the opportunity to work with senior audit associates of ACNABIN. I actively engaged with them in regular

discussions and collaborated on auditing significant areas. Together, we identified areas for potential improvement, documented them in monthly audit reports, and followed up on their implementation. Throughout my internship period, I actively contributed to the audit processes for Walton's Administrative Department, Local Purchase section, and CSM Live Monitoring of the service centers.

1.3 Weekly Journal

Work Schedule		
	SL No	Description
Week 1	Day 1	Assigned to Walton Client for Internal Audit
	Day 2	Getting familiar with the Office environment
	Day 3	
	Day 4	
	Day 5	Review the annual report of Walton

Table 1: Week 1 Work Schedule

Source: Developed by Author

I began my corporate journey by being appointed as an intern at ACNABIN Chartered Accountants. On the first day, I was designated to work with Walton client as an internal audit intern of ACNABIN and instructed to continue at Walton Corporate Office. Upon arrival, I was warmly welcomed by two senior colleagues who guided me to the auditor's room. The senior assistant manager of the internal audit team introduced me to my colleagues. Subsequently, he provided me with a comprehensive overview of internal audits, explained the dynamics of teamwork, and offered valuable suggestions. During the initial days, I had the chance to familiarize myself with my senior colleagues and learn about the specific areas they were responsible for auditing. Following that, I reviewed the annual report of Walton Hi-tech Industries PLC, seeking to gain deeper insights into the company's operations.

Work Schedule		
	SL No	Description
Week 2	Day 1	Review prior monthly audit reports
	Day 2	
	Day 3	Learn the basics of APM
	Day 4	Experience a tour of Walton's corporate office
	Day 5	Assigned to a team

Table 2: Week 2 Work Schedule

Source: Developed by Author

The following week, my focus was on reviewing the previous monthly audit reports prepared by the internal audit team. Additionally, I learned the fundamentals of the Audit Practice Manual (APM), an internationally recognized guideline for auditors. The next day, a senior colleague graciously guided me on a tour of the Walton Corporate Office. This tour provided me with an opportunity to visit various departments within the organization. Later in the same week, I was assigned to a team to audit the administrative department of Walton.

Work Schedule		
	SL No	Description
Week 3	Day 1	Learn to operate Oracle E-Business Suite (EBS)
	Day 2	Initial meeting with the head of the administrative department
	Day 3	Collect policies of each section under the admin department
	Day 4	
	Day 5	
Week 4	Day 1	Review all the policies to identify discrepancies
	Day 2	Attend meetings with various sections and cross-verify the provided data with EBS reports.
	Day 3	
	Day 4	
	Day 5	
Week 5	Day 1	Identify the Scope of Development (SOD) for the administrative department and prepare monthly report
	Day 2	
	Day 3	
	Day 4	
	Day 5	

Table 3: Week 3,4&5 Work Schedule

Source: Developed by Author

In the third week, I started by gaining knowledge about Oracle E-Business Suite (EBS), which functions as a central hub for storing all documents related to Walton Hi-Tech Industries PLC. These documents include inventory stock, financial statements, general ledger, vouchers, bills, job descriptions, and more. The following day, I participated in a meeting with the head of the administrative department, accompanied by my team leader, where we obtained policies from different divisions within that department. In the next week, I helped my team leader in assessing policies and identifying inconsistencies within each section. Additionally, we conducted meetings with the heads of various sections within the administrative department and cross-verified the provided information against EBS records. By the end of Week 5, We had identified the Scope of Development (SOD) and compiled a monthly report.

Work Schedule		
	SL No	Description
Week 6	Day 1	Assigned to do CSM live monitoring of Walton’s service centers
	Day 2	
	Day 3	Live monitoring of Gouripur Service Point
	Day 4	
	Day 5	
Week 7	Day 1	Live monitoring of CTG Road Service Point
	Day 2	Live monitoring of Mirpur Service Point
	Day 3	
	Day 4	Live monitoring of Muhammadpur Service Point
	Day 5	
Week 8	Day 1	Identify the SOD of four service points and prepare monthly report
	Day 2	
	Day 3	
	Day 4	
	Day 5	

Table 4: Week 6,7&8 Work Schedule

Source: Developed by Author

In the early stages of the sixth week, I was given the task of conducting Customer Service Management (CSM) live monitoring. To assist me in learning the ropes, a senior colleague guided the various aspects we needed to focus on during live monitoring. The following day, I

began monitoring the Gouripur service point, where I performed tasks such as cash counting, fixed asset counting, general and spare parts counting, and checked for compliance-related issues. Subsequently, I proceeded to conduct live monitoring at the CTG road, Mirpur, and Muhammadpur service points. By week 8, I successfully identified the SOD for four service points and compiled a monthly report.

Work Schedule		
	SL No	Description
Week 9	Day 1	Assigned to audit the purchase section
	Day 2	Initial meeting with the head of the purchase section
	Day 3	Review the local purchase process and present the process to the entire internal audit team
	Day 4	Assist in preparing an audit plan
	Day 5	
	Week 10	Day 1
Day 2		
Day 3		
Day 4		
Day 5		
Week 11	Day 1	Identified probable SOD and prepare monthly report
	Day 2	
	Day 3	
	Day 4	
	Day 5	

Table 5: Week 9,10 &11 Work Schedule

Source: Developed by Author

In Week 9, my task was to assist in conducting an audit of the purchase section. Shortly after, I attended a meeting with the head of the purchase section, where I gained a thorough understanding of the entire process related to local purchases. The very next day, I presented this valuable information to my team. Subsequently, I helped my team leader on crafting an audit plan specifically tailored for the local purchase section. Moving forward to the following week, I aided him in preparing a requisition list and diligently collected responses from the

relevant parties involved. By Week 11, we identified SOD and efficiently prepared a comprehensive monthly report for the purchase section.

Work Schedule		
Week 12	SL No	Description
	Day 1	Collect management Response
	Day 2	
	Day 3	Organize all the documents and files I've generated through my work
	Day 4	Handover all the documents
	Day 5	Farewell

Table 6: Week 12 Work Schedule

Source: Developed by Author

At the beginning of the 12th week, I along with my team leader scheduled a final meeting with the head of the purchase section to discuss and gather management's feedback on SODs that we have identified. Additionally, I have compiled and organized all my tasks into a folder for easy reference and handed it over to my team leader for future use. Lastly, on my last day as an intern at the client's office, my colleague bid me a heartfelt farewell.

1.4 Internship Outcome

1.4.1 Students Contribution to the Firm

I had the privilege to make meaningful contributions to the Firm in various ways. One of my main responsibilities involved supporting senior colleagues by assisting them with tasks, which allowed them to focus on critical projects. Additionally, a significant part of my contribution came from gathering, structuring, and analyzing information from different departments, including the Administrative Department, Several Service points, and the Purchase section of the Walton Corporate Office, all aimed at achieving monthly targets. Furthermore, I was asked to take the responsibility of following up on observations from previous months in different departments. In conclusion, I think my efforts had a positive impact on the team, as evidenced

by the positive feedback received from my workplace supervisor upon completing my internship period.

1.4.2 Benefits to the student

Completing my internship at ACNABIN Chartered Accountants proved to be an enriching experience with several valuable takeaways. Firstly, I gained practical insights into conducting audits, significantly enhancing my understanding of audit techniques and procedures. This hands-on exposure will set me apart as a desirable candidate for future roles in the industry. Secondly, the opportunity to work with diverse clients and industries broadened my knowledge and skills, potentially expanding my professional network and opening doors to new job opportunities. Moreover, being part of the Audit & Consultancy department deepened my comprehension of accounting and auditing standards, regulations, and laws, benefiting my academic and career pursuits. Lastly, the invaluable feedback and guidance received from my supervisor and seniors have contributed to my personal and professional growth. In summary, my internship at ACNABIN Chartered Accountants provided me with practical experience, industry exposure, professional development, and a competitive edge in the job market.

1.4.3 Problems/Difficulties

Being an intern with ACNABIN Chartered Accountants didn't bring up many challenges for me, although I was unfamiliar with corporate culture as it was my first work experience. The experienced colleagues at the firm diligently mentored me throughout my journey, aiding in my adaptation to their professional ethos. Their adept mentorship was evident in their comprehensive assistance whenever tasks were assigned to me. Additionally, my team leader even included me in meetings to introduce me to Walton's staff. The prevailing atmosphere of friendliness among everyone swiftly dissolved my initial nervousness about the corporate setting.

1.4.4 Recommendations

I would like to suggest certain modifications to ACNABIN aimed at improving the experience for interns and employees. To begin with, it would be beneficial for them to maintain a surplus of laptops in their inventory. This way, new interns and employees could be promptly equipped upon joining, which is particularly advantageous considering the inconvenience for individuals coming from distant locations who would otherwise need to transport their personal laptops. Moreover, it would be advantageous to disburse internship allowances and conveyances at the client's office rather than the home office. This modification is crucial as interns are presently only able to access their allowances and conveyances from the home office, which poses challenges due to the considerable distance between the home office and client locations.

Chapter 2: Organization Part

2.1 Introduction

ACNABIN Chartered Accountants stands as one of the leading and renowned accounting and advisory firms of Bangladesh with more than 35 years of experience. The firm's core mission is to furnish top-tier professional services encompassing auditing, taxation, consulting, and financial advisory. The Firm has effectively conducted market surveys and offered consultancy to a diverse range of clients engaged in diverse industries, microfinance, health, education, agriculture, public and private sector, NGO, and UN agencies. Their dedication to maintaining high standards of professionalism, ethics, and ensuring client satisfaction has established them as a reliable firm in the financial and business advisory sector in Bangladesh.

2.2 Overview of ACNABIN Chartered Accountants

ACNABIN has secured its position among the leading chartered accountant firms in Bangladesh. The firm offers a wide range of services to businesses, organizations, and people, assisting them in navigating complex financial and regulatory landscapes to achieve their goals. The firm originated in February 1985, founded by a group of seven chartered accountants, this partnership was established with the goal of constructing an institution that would nurture an environment conducive to leadership, perpetual growth, education, and collaborative efforts. Over time, the firm has evolved into one of the prominent and esteemed chartered accountancy establishments in Bangladesh, boasting global affiliations. Presently, ACNABIN is composed of nine partners whose proficiency across audit, review, consultancy, and taxation have solidified the firm's status as a versatile and multifaceted professional entity. Each partner possesses extensive experience garnered from operating within Bangladesh and collaborating with international consultants and organizations on local and international scales.

Currently, ACNABIN has operated as a stand-alone member of Baker Tilly International since 2004, a well-known accounting network with 125 independent member firms in 147 nations. On a worldwide basis, this network is the tenth-largest in terms of fee revenue. In 1992, ACNABIN served as Andersen SC's authorized agent in Bangladesh. It held this position until July 2002. After Andersen SC closed in 2002, it also formed a partnership with Singapore-based ASNAF-ASEAN Accountancy Firms in 2003.

It maintains an alliance with the Bangladesh Securities and Exchange Commission and the Bangladesh Bank recognizes it as a company of chartered accountants qualified to conduct bank audits. Moreover, ACNABIN is a proud member of notable business chambers, including the Metropolitan Chamber of Commerce and Industries, the American Chamber of Commerce in Bangladesh, and The Dhaka Chamber of Commerce & Industries. In adherence to the regulations set by the Institute of Chartered Accountants of Bangladesh (ICAB), ACNABIN members are duly registered for the practice of auditing.

2.3 Overview of Walton Hi-Tech Industries PLC

On April 17, 2006, Walton Hi-Tech Industries PLC (WHIPLC) was established as a privately held company according to the Companies Act of 1994. The company commenced its operational activities in 2008. Later, on May 14, 2018, it officially became a "Public Limited Company" after being registered with the RJSC. As of September 14, 2020, Walton Hi-Tech Industries PLC became a listed entity on both the Dhaka Stock Exchange Limited and Chittagong Stock Exchange PLC.

WHIPLC is the first Bangladeshi manufacturer of electrical and electronic appliances to make a name for itself abroad. Through innovation, the use of cutting-edge technology, and incredibly low prices for people from all socioeconomic backgrounds, the company has ended the widespread consumer dependence on imported Electrical & Electronics (E&E) products

and brought locally produced Electronic Appliances within the reach of the masses. With a workforce exceeding 35,000 employees, spanning across more than 40 countries, WHIPLC has extended its services to over 177 million individuals worldwide.

Through robust Research & Innovation (R&I), a solid manufacturing foundation, quality offerings, competitive pricing, extensive market presence, and responsive after-sales support, Walton has emerged as the most esteemed and relied-upon brand in Bangladesh's E&E industry. In a short span, the brand has achieved significant market penetration and solidified its position as a dominant force within Bangladesh's E&E sector.

The corporation also helps local economies by creating job opportunities and promoting economic expansion. Overall, Walton Hi-Tech Industries PLC is recognized as a dynamic and forward-thinking organization that combines technical development, a variety of products, and a customer-centric philosophy to have a substantial effect on the E&E sector.

2.3.1 List of Products

There is a wide range of products that WHIPLC provides to make their customers life easier which can be categorized as:

- Consumer Electronics
- Home Appliances
- Mobile Devices
- Laptops and Computers
- Kitchen Appliances
- Elevator
- Electrical Accessories

2.3.2 Walton Hi-tech Industry PLC at a glance:



Figure 1: Major Milestones

Source: <https://cdn.waltonplc.com/doc/investor-info/Annual-Report-2021-2022-v2.pdf>



Figure 2: Turnover

Source: <https://cdn.waltonplc.com/doc/investor-info/Annual-Report-2021-2022-v2.pdf>



Figure 3: Gross Profit

Source: <https://cdn.waltonplc.com/doc/investor-info/Annual-Report-2021-2022-v2.pdf>



Figure 4: Operating Profit

Source: <https://cdn.waltonplc.com/doc/investor-info/Annual-Report-2021-2022-v2.pdf>

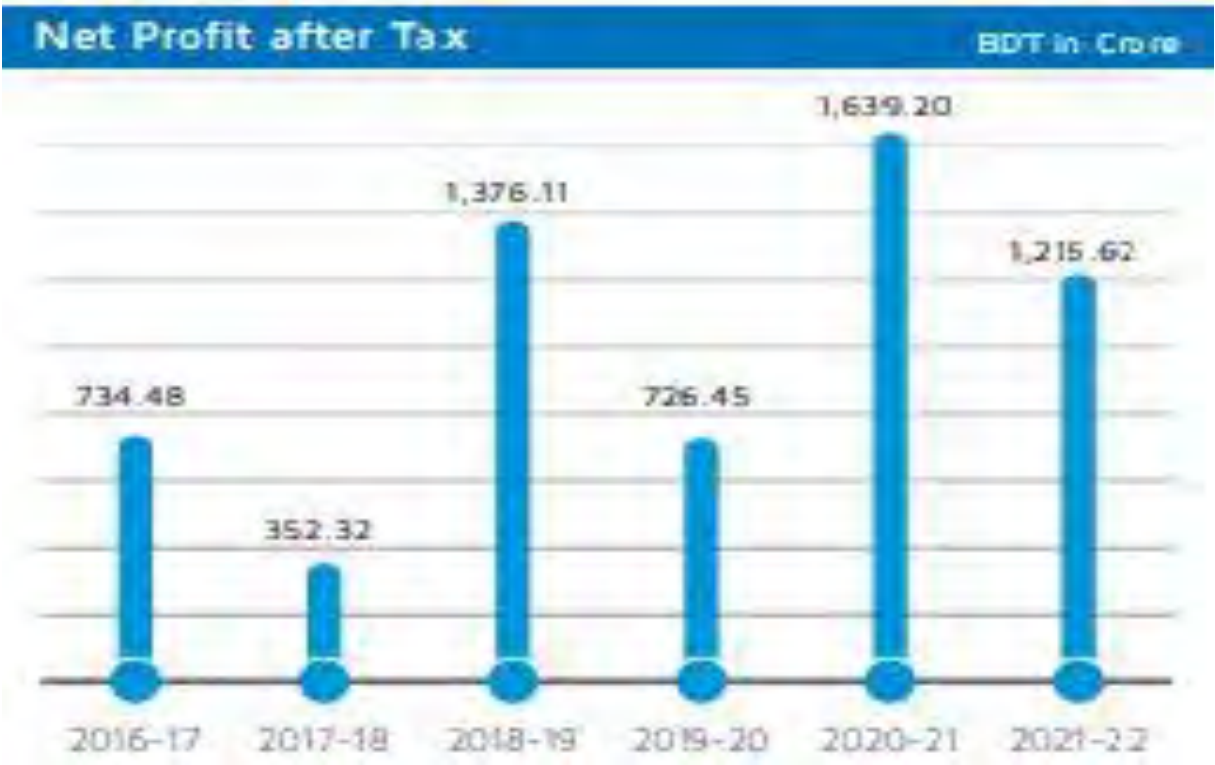


Figure 5: Net Profit

Source: <https://cdn.waltonplc.com/doc/investor-info/Annual-Report-2021-2022-v2.pdf>

2.4 ACNABIN's Strategic Intent

By upholding the highest standards of professional ethics and skills, we hope to establish ourselves as the market's reliable leader. While gaining a secure and reputable position in the market for financial institutions, telecoms, foreign branch & liaison offices, and NGOs/NPOs, we continue to see ample opportunity for us to engage in additional sectors in the nation and the region.

2.4.1 Vision

As per the company's website, ACNABIN's vision is: “We go beyond the traditional auditor and client relationship by becoming your Trusted Business Advisor”

2.4.2 Mission

As per the company's website, ACNABIN's mission is: “We adhere to the strictest principles of client confidentiality. The sensitive and competitive nature of proprietary information and the maintenance of trust demands it. We have built our success on such principles. We do our utmost to earn and keep client trust.”

2.4.3 Core Values

ACNABIN Chartered Accountants aligns with the core values of Baker Tilly International, which are outlined on their official website as follows.

- Lead by example
- Delivery quality services with integrity
- Communicate openly and act ethically
- Foster a community built around civic responsibilities and teamwork.

2.5 Service

ACNABIN provides diverse audit services as a chartered accounting firm, leveraging a profound understanding of accounting standards pertinent to both the Bangladesh Auditing Guidelines and International Audit Standards. Within the wide range of auditing services, the firm excels in the following areas of specialization

- Statutory Audit
- Internal Audit
- Special Audit
- Cost Audit
- Compliance Audit
- Donor Audit
- Management Audit
- Performance Audit
- Forensic Audit
- Interim Audit
- Review Engagement
- NGOAB Audit

2.4 Management Practices of ACNABIN

The democratic leadership approach is used by ACNABIN as it is overseen by a group of 9 energizing partners who actively engage in the decision-making process. Additionally, every employee and articleship student at all levels has the opportunity to contribute to decisions aimed at fulfilling the company's goals and meeting monthly targets. Maintaining a well-defined organizational hierarchy, ACNABIN ensures a distinct chain of command throughout the company.

2.4.1 Organogram of ACNABIN

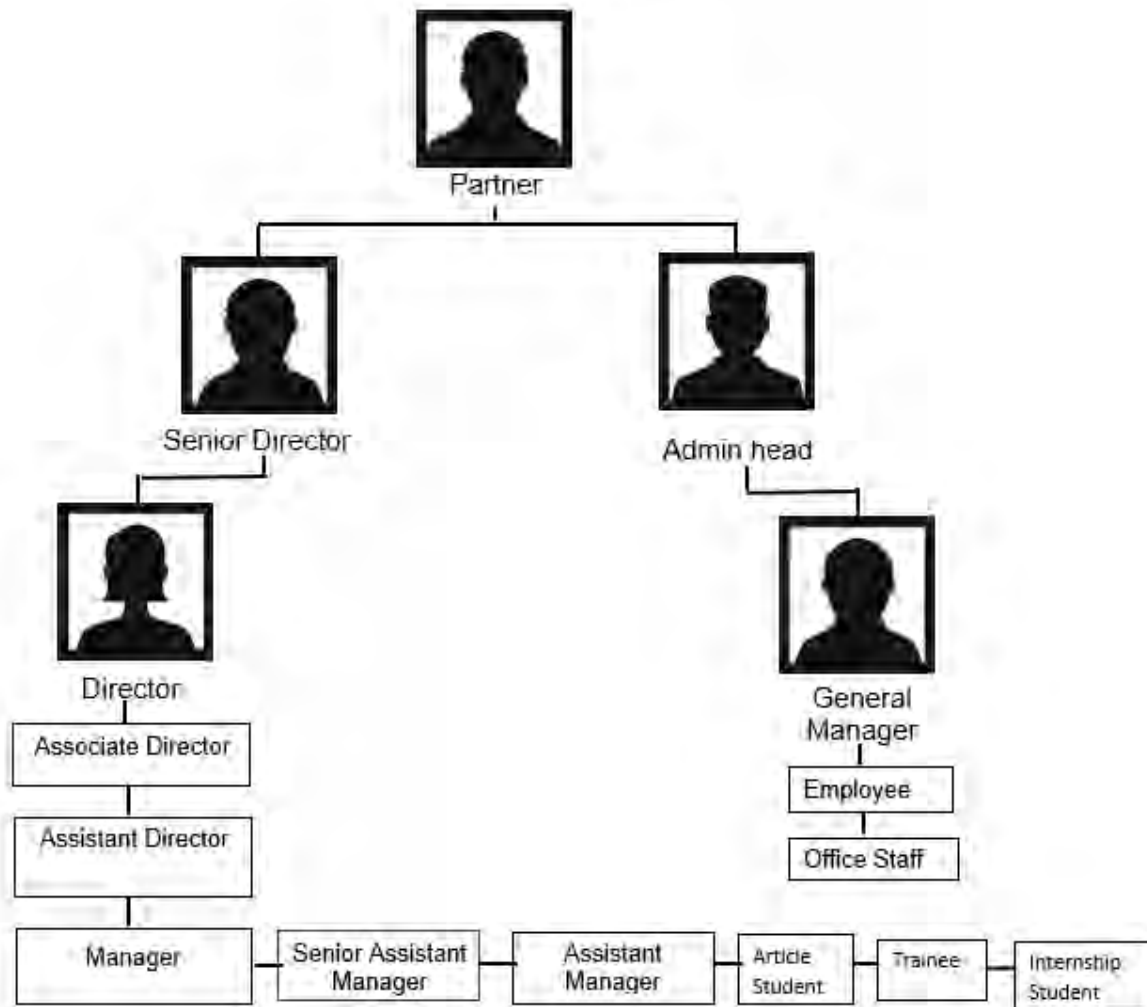


Figure 6: Organogram

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

Major decisions are made in accordance with this structure, starting with the partners and gradually including the articled students. who constitute the predominant workforce within the firm.

2.4.2 Recruitment and Selection Process

ACNABIN recruits both internally and externally for their human resource needs. Most of the time, they employ staff members internally. Employers frequently look for employees who

have finished their CC period as articled students within the firm. This approach is beneficial for the firm as students who completed their CC period within the firm are already familiar with ACNABIN's rules, regulations, working environment, and auditing approach. However, to be an articleship student of ACNABIN individuals must undergo a written and viva examination. Upon successfully passing both assessments, students undergo a six-month training period to gain hands-on experience. Following the successful completion of this training phase, students are registered as articleship students within the firm. Conversely, ACNABIN also recruits employees using the external approach based on who possesses the capability to uphold the firm's standing and bring fresh ideas to the table. The process of external selection involves the utilization of VIVA.

2.4.3 Compensation System

ACNABIN has chosen to divide compensation into three sections. In the beginning, the partners receive a portion of the profit. Then, in accordance with company policy, employees get their regular salaries and incentives. As a final point, the students receive their allowance and conveyance. However, depending on factors like public or private university, CGPA, graduate or non-graduate status, and degree of CA test completion, the allowance may differ among articleship students.

2.5 Marketing Strategy and Target Customer

ACNABIN employs a range of marketing tactics to connect with its desired clientele. Initially, they leverage networking and recommendations to capture the interest of prominent enterprises. Their existing client portfolio boasts considerable strength, encompassing notable organizations such as Titas, Walton, Berger Paints, Grameenphone, Urmi Group, and Volume Zero. Conducting audits for these major corporations instills confidence in ACNABIN's

credibility for other businesses. Moreover, the firm's partners actively participate in numerous seminars, workshops, and talk shows to raise awareness about their enterprise.

Predominantly, ACNABIN offers its services to both corporate entities and governmental establishments. Typically, the firm submits proposals to clients in response to their specific needs. Subsequently, clients make their selection based on various criteria, including the firm's reputation and fees. When it comes to government institutions, they engage a firm to conduct audits for their designated programs and departments through a tender process.

2.6 Financial Performance and Accounting Practices

ACNABIN formulates financial statements for its clientele and validates the genuineness of financial records, while also offering recommendations on accounting and managerial practices. The financial statement serves as a company's overall position to investors and creditors, underscoring the significance of an accurate and ideal report. To ensure precision and credibility, both the company and stakeholders seek a reputable auditing entity. Firms that exhibit effectiveness and efficiency, functioning harmoniously, attain recognition as Grade firms, and ACNABIN Chartered Accountants stand prominently among them. However, access to ACNABIN's financial statement remains confidential and undisclosed to the general public. Given the confidential nature of audit firms' financial statements, they are not accessible to the wider public; such information is only exclusively shared with government entities and pertinent financial institutions.

2.7 Operations Management and Information System Practices

ACNABIN's adoption of an Enterprise Resource Planning (ERP) system is a noteworthy illustration of the use of information system approaches and their impact on the operational management of the organization. Each individual within the organization has a unique employee or student ID under this ERP system. The ERP system has several subsystems that

are available to both students and staff, including those for job ticket input, timesheet entry, conveyance entry, and leave application. This system contains all the crucial information on an individual, outlining their client's names and providing in-depth insights into their daily tasks. Additionally, it records information about work hours and location, which can be either the client site or home office, allowing for comprehensive ERP platform monitoring of each employee's schedule.

2.8 Market and Competitive Analysis

2.8.2 Porter's Five Forces Analysis

Enterprises use Porter's Five Forces analysis as a strategic tool to understand the competitive environment in which they operate and to develop plans for gaining long-term competitive advantage. It provides a rigorous framework for understanding the elements that shape the competitive environment of an industry, enabling organizations to make well-informed strategic decisions. ACNABIN's Porter's five forces analysis is given below:

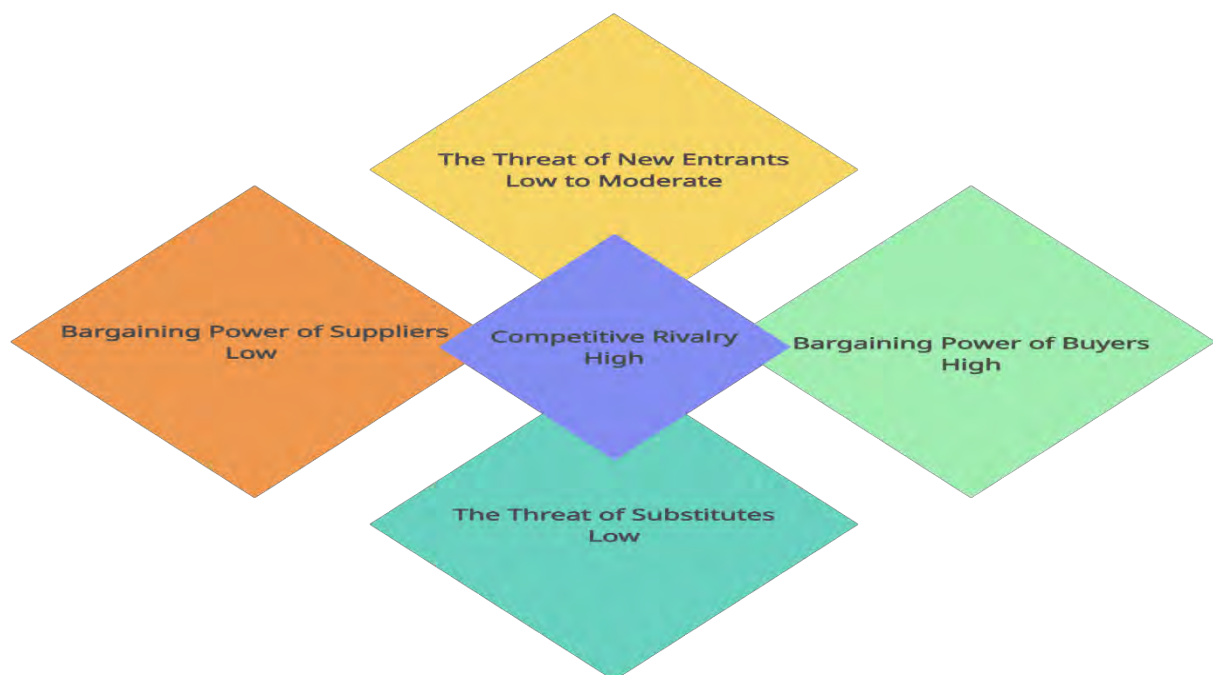


Figure 7: Porter's Five Forces Model

The threat of new entrants: The industry poses challenges for new entrants, resulting in a threat level that ranges from low to moderate. Potential entrants are discouraged by the existence of large entry hurdles, educational prerequisites, time constraints, substantial initial investment demands, established customer loyalty to existing brands, and intricate regulatory obstacles.

The threat of substitutes: Due to the absence of alternative offerings capable of meeting identical customer requirements, the threat remains minimal. There are no substitutes available that can deliver financial assurance services to clients.

Bargaining power of suppliers: CA firms do not rely on essential products from suppliers that are vital to the functioning of the business, leading to a low level of threat. Their primary source of competitive advantage lies in their human resources, who offer services to clients and can be recruited from among articulated students.

Bargaining power of buyers: The threat is high given that a substantial portion of a business's earnings comes from buyers or clients. With numerous CA firms offering comparable services, clients possess the ability to influence the business by demanding reduced prices or more favorable conditions.

Competitive Rivalry: The competition among existing CA firms in the industry is high. There is fierce rivalry for customers and market share because several firms are operating in the same sector. The competition may also be enlarged by the small number of significant clients and the specialized nature of the services offered by CA firms.

2.8.1 SWOT Analysis

An organization's strengths, weaknesses, opportunities, and threats are assessed using the SWOT analysis, a strategic planning technique. It can be used to discover strengths to build upon, weaknesses to resolve, opportunities to seize, and threats to counteract. Stakeholders can

create strategies to accomplish their objectives by building on their strengths, addressing their weaknesses, taking advantage of opportunities, and reducing threats by understanding these variables.



Figure 8: SWOT Analysis

2.9 Recommendations

Based on my experience as an intern at ACNABIN I would like to recommend the following points:

- **Improve the attendance system:** They utilize an outdated method to ensure the attendance of their students and employees within the client's office. In the client office where I was assigned, ACNABIN's personnel register their attendance by manually signing an attendance sheet and recording their check-in and check-out times. Additionally, an employee from the home office contacts a student within the client's office to verify the attendance list. If any names are missed, the individual will not

receive allowances or conveyance for that particular day. Consequently, there is a need for a more modernized check-in system to ensure the attendance of ACNABIN's staff at client locations.

- **Increase the use of digital marketing:** They should strengthen their visibility on social platforms to promote their firm, enabling students to gain deeper insights into ACNABIN. Given the prevalent digital age, individuals invest a significant portion of their time on social media channels, making it a crucial avenue to raise awareness about the firm.

2.10 Conclusion

In conclusion, it is evident that excellent internal controls, rigid ethical standards, disciplines, and a strong chain of command possessed by ACNABIN Chartered Accountants enable them to achieve a top-tier brand standing in the market. The company has been serving for more than 35 years due to its capacity to adapt to the competitive market. It is important to place sufficient attention on removing vulnerabilities, decreasing challenges, and concentrating on available possibilities to preserve this strong position in the future.

Chapter 3: Project Part

The Importance of Internal Auditing by Independent Auditors to a Hi-Tech Manufacturing

Organization: Evidence from Walton Hi-Tech Industries PLC

3.1 Introduction

This study conducted within Bangladesh, aims to emphasize the crucial function of independent auditors in conducting internal audits in a hi-tech manufacturing company, which strengthens the core of enterprises, empowering them to effectively tackle the complexities of today's business environment and with resilience and ethical conduct. The report is formulated using firsthand observations, secondary data, and internship involvement. It explores the accountability frameworks of internal auditing, considers the attributes of internal audit operations, assesses the overall business health, and determines various risks related to financial reporting and other areas within the view of internal audit professionals.

In the contemporary business landscape, the precision, credibility, and openness of financial data are fundamental elements that foster assurance among stakeholders. Internal audits performed by independent auditors who are not employees of the organization being audited have become essential for creating accountability and lowering risks as firms operate in more complex and regulated environments. Independent auditors achieve this by providing an objective and in-depth evaluation of an organization's financial controls, processes, and accountability measures.

Internal auditing functions as an internal guide for an organization, delivering a methodical and structured approach to evaluating and enhancing internal controls, risk management, and operational effectiveness. The position of the internal auditor within the organization enables a profound comprehension of its intricacies, enabling the identification of areas for enhancement and the provision of prompt recommendations to management. When third-party

auditors undertake this internal auditing role, they introduce an external and unbiased viewpoint to the evaluation process. These independent experts, equipped with specialized knowledge and regulatory insights, meticulously examine financial statements and processes with a perceptive outlook to ensure alignment with industry benchmarks and regulatory requisites. Therefore, their impartial assessment fosters confidence among stakeholders, assuring that the presented financial information is accurate and faithfully portrayed.

3.2 Background

On a global scale, Chartered Accountancy (CA) has long retained prominence. In Bangladesh, the Institute of Chartered Accountants of Bangladesh (ICAB) was established under the Bangladesh Chartered Accountants Order, President's Order No. 2 of 1973, to oversee the regulation of accountants and related matters (ICAB, 2023). Bangladesh has been steadily advancing in this area since its founding, motivated by the need to strengthen corporate governance, business enterprise, and environmental sustainability within the business sphere. At present, there exist 72 proprietorships and 92 partnership CA firms, comprising over 385 active members. This count is relatively lower due to the challenging nature of the profession, reflected in the modest pass rates. Amidst Bangladesh's landscape of approximately 921 multinational corporations and numerous local companies, with over 628 being listed on the stock exchange, the demand for professional accountants remains significant. Contrary to a common misconception that chartered accountants solely handle accounting tasks, their role extends to process enhancement, financial framework, legal compliance, and activities such as mergers and acquisitions. This underscores the indispensable role of chartered accountants within a company.

As well as internal audits are conducted within an organization to assess its strengths and weaknesses, identify instances of fraud, ensure the accuracy of financial statements, oversee

the appropriate use of resources, and uphold corporate governance standards. This audit brings more favorable outcomes for an organization when it is carried out by independent individuals who hold no personal stake in the outcomes of the area being audited (Russell, 2013). Internal audits are tailored to facilitate an organization's progress toward its goals. Furthermore, sustained success hinges on effective risk management, control systems, and governance processes. The role of internal auditors is to evaluate and enhance these processes (Reding et al., 2013). Also, Effective internal audit committees have been shown to decrease the likelihood of companies facing penalties due to fraudulent financial reporting (Abbott et al., 2000). Therefore, it is expected that firms with internal audit functions possess stronger capabilities for detecting fraud compared to those without. Furthermore, companies equipped with internal audit teams are better positioned to identify and rectify errors in financial statements and accounting records than those lacking such teams.

3.3 Problem Statement

Many companies remain unaware of the importance of establishing a dedicated internal audit team consisting of third-party auditors. Consequently, they encounter a range of challenges within the competitive business landscape. These challenges encompass difficulties in effectively managing business operations, experiencing declines in revenue leading to financial losses, struggling to adhere to regulatory mandates, failing to identify internal unlawful activities and instances of fraud within the organizational framework, and encountering inaccuracies in financial statements. Furthermore, this situation harms stakeholders' trust in the organization. Despite these challenges, there exists limited research that investigates the efficacy of enlisting third-party auditors to review an organization's internal operations and establish an efficient internal control system. Hence, this study aims to explore the effectiveness of involving independent auditors in internal audits. The objective is to facilitate the achievement of business goals by streamlining business operations, mitigating instances of

fraud and unlawful activities within the organization, and addressing discrepancies in financial matters.

3.4 Objectives

3.4.1 Broad Objective

The primary aim of this research is to investigate the significance of internal auditing, conducted by independent auditors, and the favorable consequences it brings to an organization.

3.4.2 Specific Objectives

- To analyze the set of audit work carried out by internal auditors in an organization
- To identify how internal audit helps an organization to ensure its financial stability and standard accounting practices.
- To identify the methods of gathering and analyzing evidence for the creation of an audit report.

3.5 Research Question

The research questions will try to explore the necessity of engaging independent auditors in internal audit functions and how this approach brings favorable outcomes for an organization. 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: Why independent auditors engagement is significant for conducting internal audit functions in an organization?

RQ2: How can an internal audit prevent accounting errors and promote financial stability for a company?

3.6 Literature Review

In the competitive business landscape, the scope of internal audits has been progressively broadening compared to the past. Internal auditors, once seen primarily as inspectors, have taken on a more extensive range of responsibilities (Morin and Hazgui, 2016). Internal audit evaluates and improves an organization's control systems, risk management procedures, and overall governance structure. The roles of Internal Auditors (IAs) have evolved beyond their initial focus solely on control to encompass the advancement of good governance within the organization (Roussy, 2013). Moreover, there exist multiple inconsistencies in information within organizations, particularly in the case of institutionally complicated companies. Internal auditing can be seen primarily as a supervisory and oversight function undertaken by those in authoritative positions. Its purpose is to diminish or prevent the impacts of these information imbalances by offering assurance and advisory services (Eulerich and Lohmann, 2022). This is precisely why internal audit holds a crucial role in enhancing a company's progress. Additionally, independent auditors enable organizations to leverage external proficiencies. This approach exhibits greater outcomes as it is challenging for an employee or solely in-house auditors to be entirely unbiased from management (James, 2003). The prevalent trend of enlisting third parties in conducting internal audits can be attributed to recent regulatory initiatives that have expanded the responsibilities of internal auditors across various organizations, particularly those that are publicly traded. This function proves more efficient when addressing complicated or specialized audit fields (Garven and Scarlata, 2020). Thus, the importance of independent auditors in internal audit functions resides in their capability to amplify efficiency, specialization, and economic operations, all the while upholding the autonomy and oversight of audits.

Also, this audit function plays a crucial role in guaranteeing an organization's financial steadiness and endorsing standardized accounting practices. A key advantage is its contribution to strengthening risk management and uncovering fraudulent activities (Bonrath and Eulerich, 2023). By methodically evaluating internal controls and procedures, internal auditors aid in pinpointing susceptibilities and anomalies that might result in financial mismanagement or deceptive behaviors. Moreover, the extensive institutional knowledge possessed by internal auditors positions them effectively as valuable consultants for crucial projects of a firm (Abbott et al., 2022). These audits support organizations in adhering to pertinent accounting and reporting norms, ensuring openness and responsibility in financial declarations. In compliance to such standards holds utmost importance in cultivating investor faith and upholding a favorable standing in the market. Furthermore, it provides assurance and a forward-looking strategy to enhance corporate sustainability performance (Harasheh and Provasi, 2022). Thus, by identifying inefficiencies and proposing enhancements in processes, internal auditors aid organizations in streamlining activities, minimizing costs, and augmenting the utilization of resources, thereby ultimately contributing to financial stability.

3.7 Methodology

This report mainly endeavors to show qualitative data that are relevant to serve the objectives of the report. Data have been gathered from primary sources, basically, from personnel of ACNABIN and WHIPLC. In this, my own internship experience at ACNABIN played a pivotal role in accumulating firsthand information from a hi-tech manufacturing company. The data collection and inclusion were conducted by careful review of relevant documents that are available and permissible for usage. Interviews with managers and Client staff, Articles, journals, various study materials, internet sources, and discussions with teammates have assisted in preparing this report. Other than this, the Bangladesh Standards on Auditing (BSA), International Standards on Auditing (ISA), Walton Hi-Tech Industries PLC website, and

ACNABIN Chartered Accountants websites were used as resources. Furthermore, I have delved into examining trends and conducting data analysis to understand the company's advancement over time attributed to internal audit practices and robust internal controls, aiming to draw meaningful conclusions. Nevertheless, given the ongoing nature of this process, there might be limitations in my ability to access specific data and information. Despite these potential restrictions, I intend to perform a comprehensive analysis using the mentioned sources, present the findings clearly in the report with the resources available and full support, and facilitate the audience's understanding of the importance of internal auditing by independent auditors.

3.8 Limitations of the study

One of the prominent limitations of the study was time constraints. Within just three months, it was quite difficult to gather a significant amount of data. Additionally, it was difficult to get additional in-depth insights due to the Firm's Code of Conduct's strict adherence, which places a strong emphasis on client confidentiality. The study's sample size is also on the modest side, despite the possibility that the population's reach may be far wider. It is now impracticable to conduct a thorough survey in the allotted short amount of time.

3.9 Interview

I conducted interviews with 15 personnel, both employers and employees, at Walton Hi-Tech Industries PLC to gather insights regarding internal audits conducted by ACNABIN and their advantages. Furthermore, I engaged in discussions with a statutory audit team to gain insights into the company's operational processes and internal audit practices. The findings revealed that 100% of the participants acknowledge the positive impact of internal audits carried out by third parties in terms of enhancing efficiency, refining work processes, and reducing errors in financial reporting and accounting practices. As a result of their involvement, the statutory

audit team observed a notable reduction in the occurrence of errors within financial reports. Additionally, WHIPLC employees affirmed the utility of consulting with the internal audit team to maintain accurate accounting records. Notably, the CFO of WHIPLC agreed with the assertion that ACNABIN contributes to enhancing the organization’s operational efficiency through internal audits.

3.10 List of Interviewees

SL No.	Designation	Year of Experience	Department
1	CFO	22 Years	Finance & Accounts
2	Manager	10 Years	Finance & Accounts
3	Asst. Manager	12 Years	Finance & Accounts
4	Executive	5 Years	Finance & Accounts
5	Head of Internal Affairs Division (IAD)	15 Years	IAD
6	Ass. Manager	7 Years	IAD
7	Executive	5 Years	IAD
8	Head of Administrative Department	7 Years	Administrative
9	Head of Purchase Section	10 Years	Purchase & Procurement
10	Manager	15 Years	Transport
11	Manager	15 years	IT
12	Manager	5 Years	CSM
13	Manager	7 Years	Legal & Regulatory
14	Executive	5Years	Legal & Regulatory
15	Manager	12 Years	Statutory Audit

Table 7: List of Interviewees

3.11 Interview Outcome

All interviewees agreed on the significance of the internal audit conducted by ACNABIN due to the company’s size and competitive business landscape. The thorough review of each record and document by the independent internal audit team results in a notable rate of variance

detection, ultimately advantageous for the business. Additionally, employees in the accounts department receive valuable assistance from an independent internal audit team regarding accounting procedures, taxes, and VAT matters. Furthermore, they provide valuable recommendations for tax minimization. Moreover, the internal audit's involvement guarantees a reduction of the workload of the legal department. The processes implemented by ACNABIN as being internal auditors, contributing to the establishment of a structured and systematic work atmosphere, are advantageous not only to the internal affairs division but also benefits their operational approach. Managers and senior executives often overlook the organization's self-generated Standard Operating Procedures (SOPs). Conversely, the procedure introduced by the auditor is rarely violated, as any such breach would be promptly communicated to upper management through monthly audit reports. Furthermore, both employers and statutory auditors believe that the involvement of ACNABIN as an internal audit team has significantly diminished errors in the maintenance of accounting records, asset valuation, and inventory counts.

3.12 Audit Procedures

During my internship experience, I gained insights into ACNABIN's audit protocols. This insight can aid readers in comprehending how an external entity's internal audit process offers dual safeguards against financial inaccuracies and losses. Once the client engagement is settled, the practical audit procedures commence. ACNABIN Chartered Accountants predominantly adhere to global auditing standards, owing to their affiliation as an independent member of Baker Tilly. Nonetheless, they adhere to all locally practiced steps in Bangladesh.

3.13 Audit Stages in a Flow chart

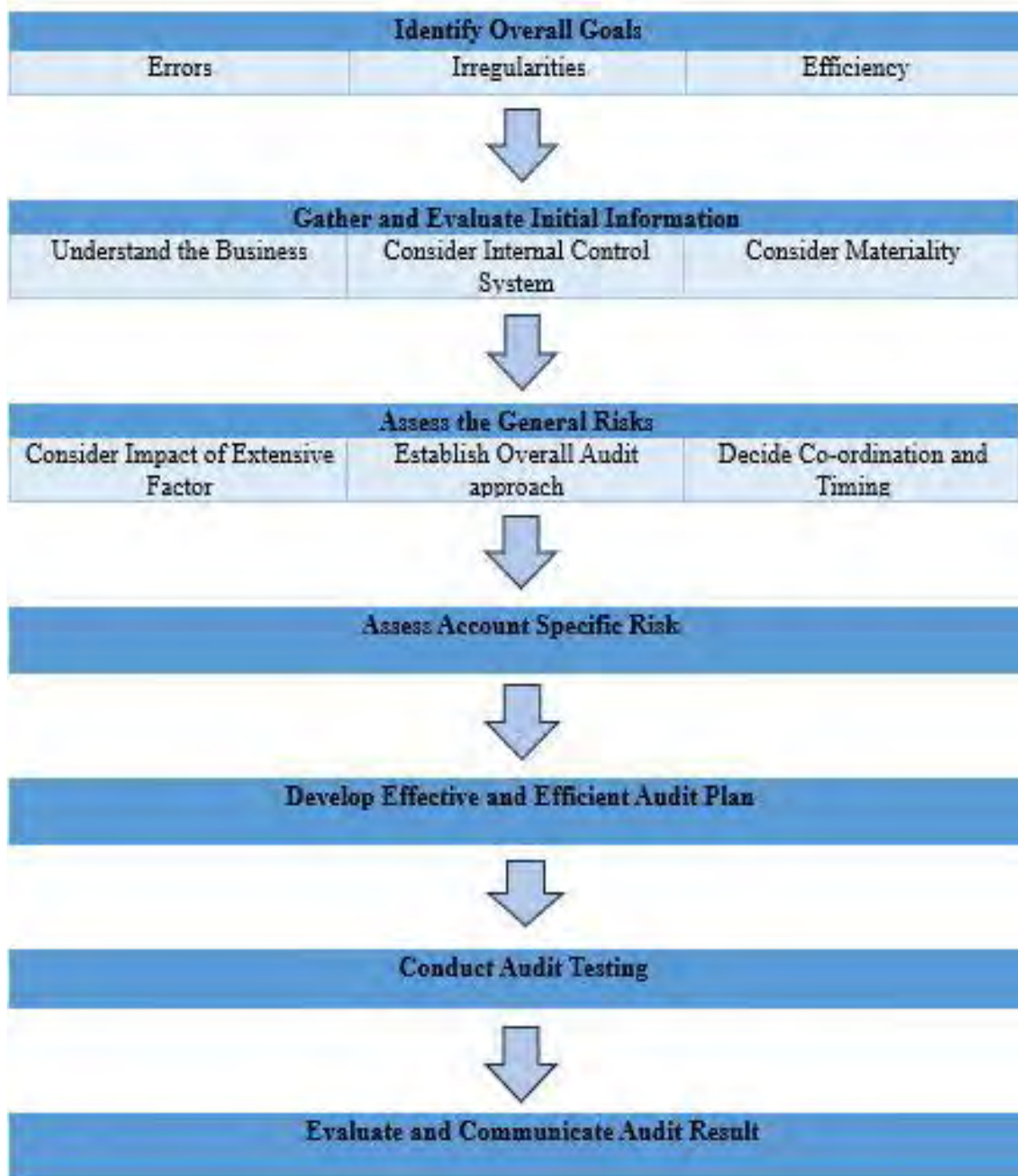


Figure 9: Audit Stages of ACNABIN

Source: Company website

3.13.1 Identifying Overall Goals

In the process of report preparation, ACNABIN maintains adherence to both International Auditing Standards (IAS) and International Financial Reporting Standards (IFRS). Moreover, ACNABIN upholds the utilization of Generally Accepted Accounting Principles (GAAP) for the examination of financial statements and related facets. The primary duty of the audit team at the beginning is to ascertain the overarching goals. During the process of establishing these overarching goals, certain factors are taken into account. These encompass the identification of errors, anomalies, and ultimately, the efficiency assessment of the enterprise.

Errors: The auditor must pinpoint deficiencies in accounting processes to offer a reasonable level of assurance. This initial planning phase is derived directly from established audit guidelines. Within this context, unintentional inaccuracies are classified as errors. Paramount among the considerations in setting overarching objectives is the prevention of significant inaccuracies. The audit team is tasked with verifying the existence of assets and liabilities, confirming the accuracy of recording dates and balances. Errors can arise due to various factors. Inaccuracies might stem from the flawed collection and processing of accounting information from financial statements. Errors can also emerge from inaccuracies in accounting estimates and from the improper application of accounting principles.

Irregularities: The most important component of account maintenance is consistency. There is a correlation between discrepancies and the level of risk and significance in the accounting framework. Any irregularity that holds the potential to be substantial must be detected during this phase of the audit.

Efficiency: The utmost vital element of an audit is effectiveness. Auditors are tasked with examining a complete year's set of financial statements within a constrained timeframe. This must be assured at this stage. Numerous strategies exist to ascertain the most efficient approach

for conducting the audit. Initially, certain members from the preceding team can be allocated to the present clientele. The audit team should encompass a diverse range of personalities. While their skills might vary, they must also share a collaborative mindset aimed at accomplishing a shared goal.

3.13.2 Gather and Evaluate Initial Information

The subsequent stage in the audit process involves the collection and assessment of preliminary information. Every piece of information concerning the client holds significant value for the auditors. Acquiring knowledge about the fundamental nature of the business, its operational mechanisms, and key buyer-seller particulars serves as the foundational starting point. The tasks encompassed within this phase are as follows:

Understand The Business: To commence, auditors must grasp the company's industry and its inherent characteristics. This understanding facilitates insight into the company's objectives, strategies, and associated risks. Subsequently, attention is directed toward identifying external influences and the financial reporting framework utilized by the company. This includes an examination of measurements, financial performance, and accounting policies. Lastly, an evaluation of internal controls is imperative. A robust internal control framework translates to minimized risks. The extent of the sample size is contingent upon the potency of the internal controls. According to BSA-610 guidelines, the audit team is authorized to seek assistance from internal auditors.

Consider Internal Control Structure: Gaining an understanding of the internal control system necessitates a thorough comprehension and assessment of the internal auditing function. To achieve this, auditors are required to appraise and scrutinize the activities conducted by the internal auditing department. It is imperative to ascertain the technical proficiency of the

internal auditors, the adequacy of their review and supervision processes, and the consistency of their reports.

Identify Client's Expectations: The independent auditor must consistently consider the client's expectations and conduct the audit in alignment with them.

Consider Materiality: In the accounts, minor errors could be present. Auditors must assess whether these specific errors have a material impact on the organization.

3.13.3 Assess General Risks

The subsequent stage involves evaluating the overall audit risks. This approach employs a 'top-down' methodology, concentrating on overarching information. The pivotal considerations for this phase encompass:

Consider the Impact of Extensive Factors: Following the assessment of risk levels, additional documentation might be necessary after collecting high-level information. In cases where the business carries substantial risk and transactions appear dubious, a comprehensive audit becomes imperative.

Establish overall audit approach: Upon the selection of the audit area, auditors establish the methodology to be employed for conducting the audit. If the subject under audit is expansive, it demands increased resources and financial investment. Conversely, when an exhaustive audit is undertaken, the situation is reversed.

Decide Coordination and Timing: Ultimately, the timing and synchronization are determined, aligning to deliver the report within the agreed-upon timeframe. However, the risk of inadvertently overlooking critical audit elements due to time limitations often emerges, and this risk needs to be addressed.

3.13.4 Assess Account-Specific Risk

In this stage, auditors uncover the risks linked to a specific account. The audit team accomplishes this process by utilizing the APM questionnaire. The subsequent tasks pertain to this step:

- Identify the transactions and accounts requiring attention.
- Define various types of inaccuracies in the financial statements.
- Evaluate factors contributing to risk.
- Determine the strategies for risk mitigation.
- Devise an approach to appraise mitigating controls.
- Analyze any remaining risks that substantive testing will address.

3.13.5 Develop an Effective and Efficient Audit Plan

Once all risks have been identified, the auditor devises a plan that prioritizes both efficacy and efficiency. During this stage, auditors assess the internal monitoring system. If the control measures prove effective, substantive tests are not pursued. The frequency of controlled testing increases as the strength of controls improves. However, a distinct approach is taken when it comes to substantive testing.

3.13.6 Conduct Audit Testing

During this phase of the process, referred to as the practical work stage, auditors gather all necessary audit evidence. A range of audit tests are employed to authenticate the evidence. Initially, auditors examine documents and make notations. Following this, technical compliance tests are employed to assess the IT systems. The result of this stage is the assembly of audit evidence and documentation.

3.13.7 Evaluate and Communicate Audit Results

The concluding phase of an audit involves the assessment of outcomes and their communication to the client. Reporting is a crucial element within this phase. Following the accumulation of all pertinent audit evidence concerning the financial statements, the auditor initiates the compilation of a comprehensive report. The material discrepancies identified during the planning phase serve as the basis for evaluating the audit evidence. The auditors primarily scrutinize the adequacy and appropriateness of the evidence. Of paramount importance, if these pieces of evidence do not support the auditor's standpoint, they lose their significance. In cases where evidence is insufficient, supplementary actions are taken to yield conclusive outcomes. After acquiring substantial evidence, the auditor proceeds to evaluate the identified discrepancies. A key benchmark is the planned materiality threshold. Ultimately, the cumulative discrepancies are recognized and assessed to ascertain whether they lead to significant misrepresentations in the financial statements. These matters are then communicated to the client, allowing the client to provide clarifications and justifications.

3.14 Challenges Faced by Auditors

Internal auditors operate within a challenging environment. Their role involves aiding businesses in assessing the effectiveness of safeguards to mitigate risks across various operations and processes. They scrutinize for gaps, insufficiencies, inconsistencies, and adherence issues to regulatory standards. Although their activities might evoke concern within resource-constrained companies, the undeniable advantage of their thorough analyses lies in establishing trust, confidence, and a competitive edge through risk comprehension and resolution. Virtually every industry can benefit from an impartial, independent examination of internal controls on risk management, governance, financial procedures, technology, and other operational aspects. The necessity for an internal audit function has been acknowledged for

heavily regulated entities like banks and credit unions. However, there are specific challenges that internal auditors currently face and will continue to encounter in the future, including:

- Adapting to new technology and AI
- Delays in accessing information
- Scarcity of qualified accountants
- The rise of remote work diminishing accountability
- Navigating conflicts of interest with various departments post-error identification
- Managing inventory and accounting records in multinational corporations.

3.15 Suggestion for improvement

The primary objective of internal audit (IA) is to aid senior management in safeguarding an organization's assets and reputation, all while supporting sustainable business operations that have faced considerable strain in recent years. The emergence of remote work due to the rapid spread of the COVID-19 pandemic has elevated the risks to assets, while a challenging business landscape has intensified concerns about reputation and sustainability. The forthcoming challenge for IA activities is to ensure effective oversight while adapting to an evolving risk landscape. To address these challenges, internal auditors can consider these measures:

- Acquire familiarity with artificial intelligence and diverse accounting software
- Create awareness about misstatements and fraudulent activities
- Initiate campaigns to attract young talent to the field of auditing
- Enhance both the quality and quantity of research pertaining to audit practices and necessities

- Incorporate strategic planning processes and cybersecurity significantly within the purview of internal audit

3.16 Summary and Conclusion

In my viewpoint, as previously highlighted in the initial stage, internal audits conducted by independent team proves advantageous for high-tech manufacturing companies by facilitating the creation of standard operating procedures (SOPs) and providing valuable accounting solutions. There used to be indecision among many companies about engaging external teams for internal audits, as they perceived it as an additional expense. However, this perception has undergone a complete transformation. Presently, companies are actively enlisting external parties as internal audit team and granting them comprehensive access to their documentation. Furthermore, these audit teams acquire a comprehensive understanding of the company's operations by collaborating across various departments. This has underscored the effectiveness of their process framework. Despite certain limitations in this paper, the real-world scenario and the benefits of internal audit by independent auditors are prominently highlighted. Moreover, future research can expand upon the subjects covered in this report across diverse domains. The necessity and significance of independent entity-led internal auditing should be subjected to thorough exploration from various perspectives. Furthermore, it is evident that auditors' role in fraud detection has grown in recent years. Additional research is imperative to ascertain methods for enhancing auditors' proficiency in this domain. Additionally, I believe that internal auditing conducted by external entities is an indispensable facet for businesses, particularly high-tech manufacturing organizations. The process of internal audit, which facilitates the detection of variances, is explicated to provide readers with a comprehensive understanding. In essence, an internal audit executed by an external entity aids companies to achieve suitable growth and competitive advantage.

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Appendix

Interview Questionnaire:

1. What is your role within this organization?
2. How long have you been involved in this particular industry?
3. Which specific department are you currently a part of?
4. Do you believe that conducting internal audits holds significance for a company? If your answer is affirmative, kindly elaborate on the reasons.
5. In what manner do internal audits assist you in your responsibilities?
6. What are your thoughts regarding the idea of incorporating independent auditors for internal audit purposes?
7. Could you share your viewpoint on ACNABIN's approach to internal audit processes?
8. Would you please outline some pros and cons associated with internal audits, considering Walton Hi-Tech Industries PLC's standpoint?
9. What is your perspective on the standard operating procedures suggested by the internal audit?
10. Could you propose recommendations to enhance the efficiency of the internal audit team in serving your department?

Oracle E-business Suite (EBS)

