

Report On  
**"Audit Practices and Compliance of  
Prime Bank Limited."**

**By:**  
**Afif Chowdhury**  
**18104118**

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

**Bachelor of Business Administration**  
**BRAC Business School**  
**BRAC University**  
**September 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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**Afif Chowdhury**

18104118

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

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

## Letter of Transmittal

To,

Dr. Md. Kausar Alam

Assistant Professor

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of the Internship Report

Dear Sir,

This is to inform you that I am extremely delighted to the Merciful Creator for giving me the opportunity to commence my internship program. I also respectfully acknowledge your advice and assistance for the preparation of this internship report. I had already worked very hard to ensure that the finished report includes all relevant essential data, and recommendations in the most precise, accomplished, and comprehensive manner possible.

Sincerely yours,

Name: Afif Chowdhury

ID No: 18104118

BRAC Business School

BBA Program

BRAC University

## **Non-Disclosure Agreement**

This agreement is made and entered into by and between ACNABIN Chartered Accountants and the undersigned student at BRAC University, BRAC Business School: Afif Chowdhury

As per the agreement, the information I have used in this report, it cannot be used anywhere else rather the information is to be used only for the internship purpose.

## **Acknowledgement**

I want to begin by thanking the Almighty Allah, Most Gracious, and the Most Merciful for allowing me to complete the internship program from ACNABIN Chartered Accountants. I would like to express my sincere gratitude to my honorable supervisor, Dr. Md. Kausar Alam, Assistant Professor (BBA Program), BRAC Business School, BRAC University, and co-supervisor Dr. Md. Mizanur Rahman, Assistant Professor (BBA Program), BRAC Business School, BRAC University for their valuable support, and assistance for the completion of my internship report which is a prerequisite of the BUS400 course. I am also greatly indebted to Mr. Muhammad Aminul Hoque, FCA, Audit & Assurance Partner of the ACNABIN Chartered Accountants, for his direction, and supervision in giving me the chance to do an internship in ACNABIN, where I gained practical knowledge with the process of external audit in the banking industry. Lastly, I would like to convey my heartfelt appreciation to my audit teammates, in-charges, my on-site supervisors, and the firm's director of the Audit and Consultancy department for guiding me throughout my internship journey.

## **Executive Summary**

This report titled **Audit Practices and Compliance of Prime Bank Limited** demonstrated the report into three parts. The first part of the report is the brief overview of the internship program: the student information, the information of the internship, and the outcomes of the 12-week period of my internship program which includes the contribution I made to the CA firm, the benefits of doing the internship, the challenges and difficulties faced during the internship at the firm, and some future recommendations.

This second part of the report will focus on the company's organizational part, starting with the overview of the company. The descriptions of the management practice, and marketing practices of the audit firm will be noticed here. This chapter also discusses the financial, and the accounting practices, and also about the operation management, and the information system practices of the CA firm. Both the Industry analysis and comparative analysis of the firm has been provided as well. The whole chapter 2 has been summarized later on for a quick review with some recommendations thrown in at the end.

The last, and final part of the report, identifies the objective research of the Audit Procedures, and compliance of the Prime Bank mainly in relation to the findings. The use of appropriate methodologies, and significance of the study is dictated in this chapter. Additionally, the recommendations indicated some improvements in the future to make the process more efficient. The report concluded with an overall summary of the study.

**Keywords:** CA firms, ACNABIN, Partners, Internal Auditor, External Auditor, Bakertilly Network, Prime Bank.

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## List of Acronyms

APM	Audit Practice Manual
ACA	Associate Chartered Accountant
ACCA	Association of Certified Chartered Accountants
ICAEW	Institute of Chartered Accountants of England and Wales
BBA	Bachelors of Business Administration
CA	Chartered Accountants
ERP	Enterprise Resource Planning
FCA	Fellow Chartered Accountant
IAS	International Accounting Standard
ICAB	Institute of Chartered Accountants of Bangladesh
IFRS	International Financial Reporting Standard
GAAP	Generally Accepted Accounting Principle
SWOT	Strength Weakness Opportunity and Threat
FS	Financial Statement

## **Glossary**

**Audit** It is an audit which is the examination or inspection of various books of accounts by an auditor that are followed by physical checking of inventory in order to make sure that all departments are following a documented system of recording transactions so that auditors can ascertain the accuracy of financial statements provided by the organization.

**Cold Review** A process of the QUAAD team at ACNABIN to ensure, and review assurance service quality

# Chapter 1: Overview of Internship

## 1.1 Student Information

*Name:* Afif Chowdhury

*ID:* 18104118

*Program:* BBA

*Major:* Accounting

*Minor:* HRM

## 1.2. Internship information

### 1.2.1 Period and Company Info:

*Period:* 12 Weeks (3 Months).

From 8 January 2023 to 7 April 2023

*Company Name:* ACNABIN Chartered Accountants

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

### 1.2.2. Internship Workplace Supervisor's Information:

*Supervisor 1:* Md. Mofiz Uddin, ACCA

*Designation:* Senior Assistant Manager, Audit and Consultancy, ACNABIN Chartered Accountants.

*Supervisor 2:* Nusrat Maria, ACCA, ACA(ICAEW)

*Designation:* Deputy Director, Audit and Consultancy, ACNABIN Chartered Accountants.

### **1.2.3 Job Responsibilities:**

At ACNABIN Chartered Accountants, I was appointed as an External Auditor, and was assigned to an Audit team at the Prime Bank Limited, and IB Vogt (BD) Ltd, which had a wide range of work and scope of learning as well. I was assigned to do PBL Bank's branch audit at various locations including Mohakhali, Banani, New Eskaton, Dhanmondi, Elephant Road, Banasree, Gulshan 1, and Gulshan 2. After a month and half, I was transferred to IB Vogt (BD) ltd, a power plant company where I was assigned as an external auditor as well, and I continued there till the conclusion of my internship.

I will particularly elaborate about my external auditing stint at the Prime Bank Limited though I was allocated to two different sectors for auditing in a span of 3-months. The main task and objective of my team was to conduct an Bank audit in the Prime Bank Limited.

(i) I had to collect relevant documents from the management, gather information and prepare working files based on the evidence. During the bank audit, I needed to prepare the meeting minutes, and analyze the findings I found during external auditing, and attended the entrance, and exit meeting with the client, and the audit team for further discussions, to sort out queries.

(ii) For the proper verification of cash transaction, I was involved in cash counting, and cash vault inspection

(iii) I extracted data from the audit softwares to check the mathematical accuracy of the client records, mostly adding up ledger accounts, profit & loss statements, etc.

(iv) I have carried out the physical inspection of the tangible assets of the clients' office to confirm the amounts, and tag numbers with assets that match with the provided list.

## **1.3 Internship Outcomes**

### **1.3.1 Contribution to the Organization**

I had to obtain information on the client from management and acquire the necessary paperwork from them as evidence. Here, I needed to verify all of the necessary paperwork while comparing it. For the Bank Audit I followed the Bangladesh Bank's circular for verification. I had to write up the meeting minutes, and examine the information I found during the external audit. With both the client, and the audit team I attended the entrance, and exit meeting for further discussions, and to sort out queries. I was involved in cash counting, and in vault inspection for the verification of cash transactions. Moreover, to mis-match the mathematical accuracy of the client records, I extracted data from audit softwares, mostly to add up ledger accounts, profit & loss statements, etc. In addition, I physically inspected the clients' office's tangible assets to verify the tagged numbers with those that matched the list.

### **1.3.2 Benefits of the internship:**

#### ***(i) Got familiar with the practical world:***

Throughout my university degree, I was more into theoretical knowledge but after getting enrolled into the internship program I was able to observe both the firm's, and client's organization culture, and learned about their policy, and the practice since it was my very first experience in any practical field. I got familiarized with the initial period of my internship program.

#### ***(ii) Enhanced Interpersonal Skill:***

The 3-month working period aided me in enriching my communication, and networking skills since I had to cooperate with the employees, and co-workers of both the firm, and the clients.



***(iii) Learned about the Auditing Procedures:***

Gained practical knowledge, and experience about the firm's audit work process. I got the opportunity to conduct external audits. Since, I had to do external auditing in both Prime Bank, and Ib Vogt (BD), I was able to learn the audit procedures.

***(iv) A path for my career growth:***

The internship experience is a guideline for my future career as I am currently studying Chartered Accountancy (CA), and want to pursue my career in the sector of professional accountant.

**1.3.3 Problems and difficulties faced during the internship:*****(i) Adjusting to a new working environment:***

Being a fresher in a new environment is always a challenge. In the first few days of my internship period, I was shy, and nervous as I was in a professional environment with new, and unknown faces from different backgrounds. Gradually, as time passed, I was able to overcome it.

***(ii) Workload Management:***

Firstly, being an intern, I was treated as a full-time article ship student. The tasks directed to me, and all the guidelines were much more similar to an article students' one, so sometimes it got hard for me to carry out my duties.

***(iii) Traveling difficulty:***

Location and scheduling tasks were a challenge for me since most of our client offices were far from the home office (ACNABIN). I had to be the victim of an immense traffic jam, especially after office hours. Once due to Bishwa Ijtema, it took 2.5 hours to travel from farmgate to Banani. Sometimes, it would take a long time to find public transportation.

***(iv) Communication Gap:***

In some of the branches, reaching out to the client management team took time, since they were generally preoccupied with their duties. So, it became difficult for us to establish effective communication.

***(v) Insufficient information obtained:***

The most difficult part was being unable to gather information for my internship report, especially the financial data, since the documents are inaccessible to the students or any other people for confidentiality.

**1.3.4 Recommendations:**

As an intern, I will only encourage individuals to do an internship at ACNABIN if they really want to pursue a career in chartered accountancy, and are extremely passionate about this heavyweight profession of the country. The working environment in CA firms is very diverse, and quite challenging, and here one has to study, and work simultaneously in the firms of the chartered accountancy. However, by working with CA firms like ACNABIN, one can gain an immense amount of experience that could help them in directing various industries and sectors.

## **Chapter 2: The Organizational Part**

### **2.1 Introduction:**

This second part of the report will focus on the company's organizational part, starting with the overview of the company with the firm's background. The descriptions of the management practice, and marketing practices of the audit firm are noticed here. There are discussions regarding the financial, and the accounting practices as well. The operation management, and the information system practices of the CA firm are described here. The firm's Industry and comparative analysis of the firm are provided too. The whole chapter 2 is summarized for a quick review with some recommendations thrown in at the end.

### **2.2 Overview of the firm**

#### **2.2.1 About ACNABIN Chartered Accountants:**

ACNABIN Chartered Accountants, founded by seven partners in early 1985, is one of the top CA firms in Bangladesh registered under the Institute of Chartered Accountants of Bangladesh, and is an independent member firm of Baker Tilly International, an international accountancy and business advisory network. ACNABIN Chartered Accountants has various projects funded through international agencies like the World Bank. Since the establishment of the business, ACNABIN has assisted clients in the private, public, non-governmental, and agricultural sectors of Bangladesh who are engaged in business, trade, finance, microfinance, education, health, social services, and agriculture, as well as a number of UN agencies and other development partners.

### **2.2.2 Services offered by ACNABIN Chartered Accountants:**

ACNABIN offers a variety of services:

- **Audit & Assurance Services**
- **Corporate Advisory Services**
- **Business Process Outsourcing**
- **Risk and Advisory Services**
- **Tax & Regulatory Services**
- **Sustainability & Advisory Services**

### **2.2.3 Clients of ACNABIN Chartered Accountants:**

ACNABIN serves a variety of clients of different sectors and industries by providing high quality audit and assurance services.

- Financial and Banking Institutions
- Manufacturing Companies
- Solar Power Companies
- Telecommunication
- NGOs
- Autonomous Bodies i.e BRTA

### 2.2.3 Mision, Vision, Objective, and Core Value of ACNABIN Chartered Accountants:

- ***Vision:***

*"We go beyond the traditional auditor and client relationship by becoming your Trusted Business Advisor"* (ACBANIN Chartered Accountants, 2023).

- ***Mission:***

*"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"* (ACNABIN Chartered Accountants, 2023).

- ***Objective:***

*"We want to become trusted leaders in the market ensuring the highest level of professional ethics and competencies. While securing a safe and trusted position in the market for financial institutions, telecommunications, foreign branch and liaison offices and NGOs/NPOs, we still see wider space for us to get involved in other sectors in the country and in the region"* (ACNABIN Chartered Accountants, 2023).

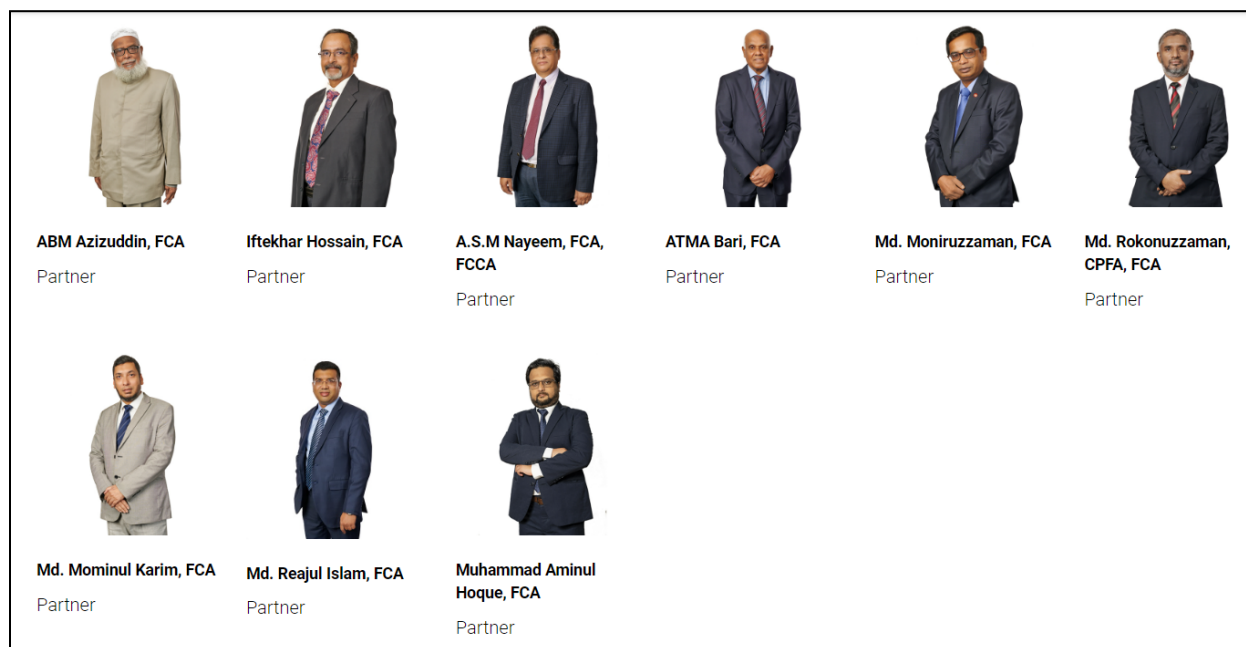
- ***Core Values:***

ACNABIN follows the estimations of their subsidiary organization Baker Tilly. As indicated by their profile manual, it is expressed that *"Our way of life is driven by the Baker Tilly Internal fundamental beliefs"* (Shahriar, M. 2020).

The core values are:

- Leading by example
- Delivering quality services with integrity
- Communicating openly, acting ethically

## 2.2.4 ACNABIN Chartered Accountants and its partners:



*Figure 1: The Partners of the firm. (Source: ACNABIN Chartered Accountants, 2023)*

## 2.2.5 Brief overview of the Client: Prime Bank Limited:

Prime Bank, which is headquartered in the capital city's bustling financial hub Motijheel, is a top-tier second generation local commercial bank in Bangladesh established in 1995. The bank has operations in corporate, consumer, MSME and sustainable banking. The Bank has various branches and ATM booths spreaded all over the country. With the primary goal of delivering "**Banking Services to Everyone**", the bank was founded by famous professionals from diversified backgrounds. In the banking sector, PBL. has been one of the pioneers in introducing electronic banking.

## **2.3 Management Practices**

### **2.3.1 Leadership & Decision making:**

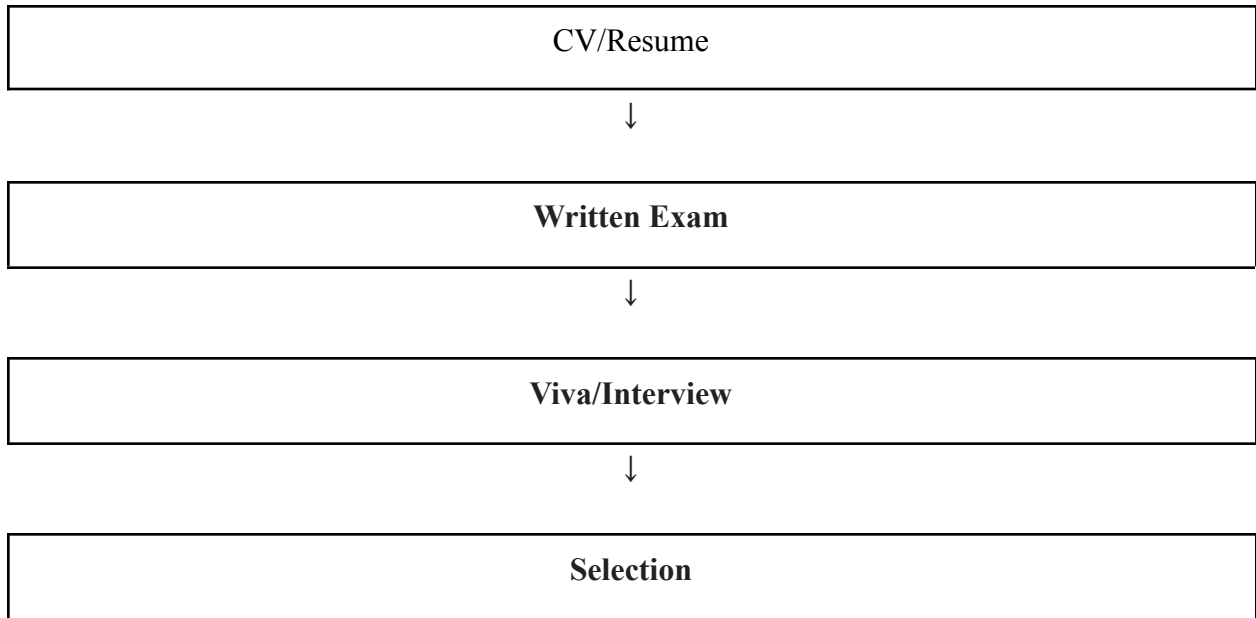
Though ACNABIN CA are led by owners or partners, which is common in most of the firms, I have noticed the bond between the team members is stronger, and there is an increase in participation. Everyone from the lower level to middle level to the top level of an organization, are welcomed to share their ideas and can make collaborative decision making, which I think has made a large contribution to the firm's success. In my opinion, a democratic leadership style is followed by ACNABIN.

### **2.3.2 Human Resource Management:**

The human resources of the ACNABIN Chartered Accountants are their own Articleship students. After the students completed their articleship period, the firms retained some of them based on the quality of their work. Usually, the firms do not hold their students back, there is liberty for the employees who completed their CA(CC) in whether they want to stay in the firm, or go to other places.

### **2.3.3 Recruitment & Selection Process:**

The recruitment, and selection process of the firm varies on the applicants. If one wants to apply as an article student, they need to drop their resume or CV to get shortlisted in order to attend the written tests, and be eligible to get called for a panel interview after meeting the appropriate criteria in the written exams. The candidates who will pass the viva, will commence as an articleship period. For the applicants, who want to apply for the organizational position are excluded from appearing in the written test. The rest of the steps are similar. Their resumes get filtered, allow them to sit for the oral exams, and are hired for the designated positions based on their interview performances.



*Figure 2: The Recruitment and Selection Process of the firm*



### **2.3.4 Compensation Criterion:**

In terms of remuneration, most of the CA firms in Bangladesh follow the ICAB rules and policy for the articleship students. Recently, ICAB has raised their allowances for the article students.

- 1st Year - BDT 7000
- 2nd Year - BDT 8000
- 3rd Year - BDT 9000
- 4th Year - BDT 10000

The rest of the remuneration or the allowances are given by the firm as per their policy and salary scale, and it depends on their educational background, and result (i.e CGPA).

### **2.3.5 Training & Development:**

CA Firms offer different types of training sessions for their employees/articleship students/trainees/interns. For example: training sessions on bank audit, tax planning, compliance checking, etc. Before the registration for the articleship program, the respective firm sends their articleship students to 1-month special training classes on Audit & Assurance, and English Language. In both cases, employees will be able to gain more knowledge, and increase their work efficiency. through the training and development process.

## **2.4 Marketing Practice**

### **2.4.1 Marketing Strategies:**

Since, BAKER TILLY international is the networking partnership of the ACNABIN Chartered Accountant, the firm is trying to form a joint venture with BAKER TILLY to grow their market.

### **2.4.2 Target Customers, targeting, and positioning strategy:**

The target Customers includes public limited corporations, commercial banks, insurance companies, pharmaceutical companies, manufacturing companies, NGOs, private limited companies, etc. By their clients requirements, the firm's position their service. For example: In Banks, they provide audit & assurance services. On the other hand, tax, consultancy, and accountancy are provided to the SMEs.

### **2.4.3. Product/New Product development:**

Since there are rival firms out in the competitive market, ACNABIN Chartered Accountants improve their work quality by hiring new professionals who can provide better audit services.

### **2.4.4 Marketing Channels:**

ACNABIN Chartered Accountants provides assurance services to the organizations who seek annual audit.

### **2.4.5 Branding:**

ACNABIN's own brand value, and goodwill is enough to maintain a healthy relationship with the corporate giants, and business hubs.

**2.4.6 Advertisement or promotional strategies:** As per the Chartered Accountants Act of 1949, the CA firms of Bangladesh are prohibited to solicit clients through any kind of advertisement.

## 2.5 Financial Performance and Accounting Practices

### 2.5.1 Financial Performance:

Due to confidentiality, I did not get permission to collect financial data from the firm's reports, and documents for the ratio analysis, and for other calculations, and valuation methods. The confidential information is accessible to the directors, and partners only, and often stays disclosed for the students, trainees, employees of the firm, or any outsiders of the firm.

### 2.5.2 Accounting Practices:

For the *depreciation*, ACNABIN Chartered Accountants apply the straight-line depreciation method. Like most of the CA firms in our country, ACNABIN CA also follows the *cash basis method or accrual basis concept* of accounting method to recognize their revenue. For the preparation of the financial statements, the CA firms follow an *annual yearly cycle*. ACNABIN applies "*IFRS 7 Financial Instruments*" where they are very strict in disclosing their confidential information to the outsiders excluding partners, so they do not apply their full *accounting disclosures* principle in their FS. Besides, all the firms prepare their financial statements using the historical cost convention method in accordance with International Financial Reporting Standards (IFRS).

## 2.6 Operations Management and Information System Practices

### 2.6.1 Operations Management

To ensure top notch quality in their firm's services, ACNABIN Chartered Accountants has dedicated a Quality, and Assurance team (QUAD), who conducts both the hot review, and cold review. In hot review, the team makes a surprise visit to the audit team's location of fieldwork to assess the assurance services quality. For cold review, the audit team visits the home office to give review to the partners. Not only the Audit team stays under the radar, but the supervisor too, whose performances are evaluated by the directors at each half-yearly basis. Similarly, the directors are also evaluated by the partners each year.

### 2.6.2 Information System Practices

This practice is mainly the use of ERP systems to allocate resources, and process personal data.

*i) Allocating Resources:* The supervisor of the audit team will request some resources (i.e stationary) through this system, later on recommended by directors, and partners for reviewing.

*ii) The third party system:* ACNABIN uses ERP based information systems in the firm for storing, and processing data of their clients and employees, and keeping track of staff's daily work activity. All the staff have access to their own ERP login system where they can apply for job ticket entry, give a timesheet entry for their daily attendance, and monthly allowances. The time sheet, and conveyance database has only access to the firm partners, and needs to get approved by them.

*iii)* ACNABIN has a database of their own where they keep and organize client information. No one, except the partners, have access to such client financial information in the ACNABIN database. Every CA firm is typically required to maintain the confidentiality of their information for a period of five years or more. (ICAB, 2022), and are bound to follow these ICAB.

## **2.7 Industry and Competitive Analysis**

### **2.7.1 Porter's Five Forces Analysis of ACNABIN**

#### ***(1) Threat of new entrants***

Nowadays, well-known competitors, like new CA firms are emerging in the audit sector to offer superior quality audit services. These new businesses pose a challenge to the ACNABIN's ability to keep its clients.

#### ***(2) Threat of substitution***

ACNABIN has no competitors in the market because there are no other strategies to avoid auditing and tax planning. Additionally, it is a requirement for every listed firm to perform an audit each year. Because of this, there is no risk of ACNABIN being replaced.

#### ***(3) Bargaining power of suppliers***

To purchase necessary materials, starting from stationery, cleaning services, furniture, etc, accounting firms can seek a variety of vendors to choose from. So, the accounting firm's suppliers have relatively little power over its client, and their bargaining over is low.

***(4) Bargaining power of buyers:***

Rahman Rahman Huq, Hoda Vasi Chowdhury & Co, Howladar Yunus & Co, and so on ( Top 10 CA Firms in Bangladesh. 2023) are some renowned audit firms in this competitive market which possess high bargaining power of ACNABIN's clients, and for this client easily switches firms alongside their service quality.

***(5) Rivalry among competitors:***

There are around 205 CA firms in Bangladesh, according to ICAB statistics of the year 2023. Out of these firms, they are classified into categories such as A, B, and C. Being an 'A' category firm, the firm faces intense competition in terms of the service quality, especially against the A category firms.

### 2.7.2 SWOT Analysis of ACNABIN

**(1) Strength:** ACNABIN Chartered Accountants have high profile partners who are exceptionally qualified, and Knowledgeable. This A category firm has a high reputation among the varieties of clients around the country. Not only that, ACNABIN CA is associated with an international network, Baker Tilly. Additionally, this CA firm is one of the largest firms in Bangladesh with a huge manpower.

**(2) Weakness:** There is no formal appraisal system at the firm, which is an issue that can cause employees to perform poorly. Employee performance cannot be properly monitored in an absence of a structured appraisal system, and occasionally some employees may feel their efforts and contributions are undervalued. They may start acting inappropriately at the workplace because there is no formal performance evaluation process.

**(3) Opportunity:** Day by day new companies are opening up, and are expanding all over the capital, and in the country. ACNABIN can target them as their clients for the future.

**(4) Threats:** The potential threats of the ACNABIN Chartered Accountants can be the BIG 4 association (KPMG, Deloitte, EY, and Pwc). The surrounding new firms can be a barrier to ACNABIN, and there is a chance of the new clients switching to them. The allowance and conveyance provided to the students are a shade low, which can cause high turnover among the staff, and employees.

## **2.8. Summary and Conclusion**

ACNABIN Chartered Accountants' background, vision, mission, strategic intent, and services are essentially covered in this chapter of the report. Then the management part discusses human resource planning, recruiting and selection process, remuneration, training, and development procedures, leadership and decision-making. The chapter also focuses on the marketing practices like target customer, and branding of the firm. Though the financial sector could not be covered due to confidentiality, few accounting practices of the firm have been described along with the operational management that provides an idea about the quality assurance, and information systems that relate with the ERP. The chapter's industry and competitive analysis focuses on Porter's Five Forces and SWOT Analysis. To conclude, no doubt that ACNABIN Chartered Accountants is one of the top CA firms in Bangladesh, who started back in 1985 with very little capital. Since then, it has received recognition from all over the country, and has added vast value in the auditing industry in Bangladesh.



## **2.9 Recommendations:**

- ACNABIN can improve their job environment by monitoring their employees' work performance, providing ample time to the trainee, and article ship. students for studying, and expanding the scope of the study by strengthening the student-partner interaction for better learning.
- ACNABIN CA can develop stronger policies by raising the allowance of their present employees. This will boost their employee retention, and will lead to greater employee satisfaction. Moreover, it will aid both the new, and current employees to cope up with their living costs, and day-to-day expenses.
- The CA firm can arrange training programs for their article students so that they can improve their work efficiency, and increase their productivity, which will give an automatic rise to the quality of their services'.

## **Chapter 3: The Project Part**

### **Audit Practices and Compliance of Prime Bank Limited**

#### **3.1 Introduction**

##### **3.1.1 (i) Background Information:**

Under The Bangladesh Chartered Accounts Order, President's Order No. 2 of 1973 (ICAB, 2022), the profession of accountants and related concerns are regulated by the ICAB, a recognized Supervisory Body under the Ministry of Commerce of the Government of Bangladesh. Audit and Assurance services which are globally conducted by every company, and is a requirement to do it annually, and is one of the major key services of every CA firm in Bangladesh are provided in the business sectors. For example: ACNABIN Chartered Accountants providing audit services to Prime Bank Limited.

##### **3.1.1 (ii) Literature Review:**

Bank audit, conducted by an audit team, or a group of auditors of a firm, is to inspect the financial statements of the banking institutions in order to verify whether the system of the bank follows the law and compliances or not. The following distinctiveness distinguishes the banks from most other commercial enterprises as they need to follow the rules, regulations and guidelines, and also require a special license from the Central Bank. To uncover any fraud or financial mismanagement of the company, the bank audit plays a big role (The Bangladesh Accountant, 2013). As per the current legislation in place, the scope of the Bank or other financial institutions audit is that an auditor shall conduct the audit in compliance with The Bangladesh Standards on Auditing(BSA), The Companies Act, 1994, The Bank Company Act 1991 (as amended in 2013) for Banks and the Financial Institutions Act, 1993 for FIs; Specific regulations issued by Bangladesh Bank (e.g. Prudential Guidelines for Banks and FIs); and Bangladesh Securities and Exchange Commission Rules and Regulations (if applicable). (FCA. A.S, Audit of Bank and Financial Institutions). To audit clients like Banks, and financial

institutions, the firms of chartered accountants follow these 4 stages of audit procedure. In the planning stage, the company objective and operations are discussed by the firm with their respective clients. Planning of the audit includes the overall audit strategy for the engagement established which in particular includes planned risk assessment procedures and the risks of material misstatement responses. The extent of tests of controls and substantive procedures can also be known (AS 2101: Audit Planning, 2023). The second stage is the collection of audit evidence. The evidence is collected by sampling the data from the client's population data set, and then errors are evaluated through the audit testing. There are other ways that the evidence can be collected through physical examination, analytical procedures, confirmation, inspection, recalculation, collection, observation. (Iedunote. Ways of Collecting Audit Evidence. 2003). In the Controlling and recording stage, the double entry systems of the transactions are recorded from the provided documents. The final stage of the audit procedure is the review and opinion where the discussion about the report and the audit results that are provided in the APM checklist which includes specific acts and guidelines can be used by the auditors to discuss the overall performance of the client company with the manager. (Audit Practice Manual, 2017).

### **3.1.2 Research Objective:**

The objective of the study is to get a comprehensive overview of the audit practices, and compliance of the Prime Bank Limited to find out how the audit procedure is carried out in this sector of this banking industry when ACNABIN Chartered Accountants engaged with them to ensure their financial stability, and standard accounting practice.

### **3.1.3 Significance of the Study:**

The significance of the study is to provide a general idea of the audit stages and procedures. At the initial stage the auditors ask the related working documents by sending a requisition letter to their client's management in order to get useful, and relevant responses about their scope of their audit work where the clients explain the advisory assistance (Audit of financial statements) as a request to the audit team which are all presented in the entrance meeting at the client. In accordance with the Bangladesh government policies, all the documents are analyzed and evaluated where those observations are inputted in the audit report, based on the findings the audit report is then finalized. It is then transmitted by the audit team to those in charge for review. After that the report is then delivered to the manager after examining it under the relevant partner who then provides the final evaluation after assessing the report.

### **3.2 Methodology:**

I accumulated the primary sources and first-hand data from the banking industry by obtaining some documentations, and necessary information. My own internship experience during the bank audit of the Prime Bank which depicted my practical learning played a role in gathering information. I also made the use of secondary sources to find out these audit procedures. There were guidelines provided by the institution of Chartered Accountants Bangladesh (ICAB) about this. Moreover, there were facts collected from various published journals which are conducted by ICAB, and other professional Chartered Accountants. Moreover, several information were put together from research papers, and online portals about Bank Audit, and Audit compliance. Sufficient knowledge was gathered from the study manuals provided by the ICAB. YouTube videos, and the class recordings of the ICAB also helped me to understand the topic thoroughly.

### 3.3 Findings and Analysis

This section of the project part will focus on the Prime Bank Limited audit. The analysis given is based on my assumptions with a touch of my practicality. As there can be a breach in confidentiality, client's information is avoided from usage.

#### *3.3.1 Identifying the overall goal of the client:*

Our client Prime Bank Limited made an engagement with us, ACNABIN Chartered Accountants, to conduct their audit procedures and compliance methods at the different branches of the bank where I was involved in seven of them. The engagement was proceeded so that the firm can assess the 'true and fair' view, or in other words whether they are prepared, and presented fairly in accordance with the Generally Accepted Accounting Principle (GAAP) of the bank's statement of financial position for the year 2022. The management also wanted us to assess the internal control system, and review the cash and cash equivalent. So, we took their considerations in our opinion to identify the irregularities, errors, and efficiency. This is because:

- Irregularities: The maintenance of accounts must be consistent. The irregularities that could be material must be discovered at the audit stages to avoid risks.
- Errors: The prevention of material error is the most important factor. The financial statements can go wrong due to the inaccurate collection and processing of data or can result from the improper application of accounting rules.
- Efficiency: For maximum productivity, the auditors must be efficient as they need to be involved in examining various reports, and accounts of their client. The audit process might become time consuming if inefficient.

### ***3.3.2 Gathering and Evaluating the initial information about the client***

After engaging with the client, our audit team went on to collect some more information about the bank, gathering knowledge about their business operations ,and conditions (relating to the industry, regulatory, and other external factors) of the different branches that helped us assess the material misstatement of the financial performance (period on period financial performance, budgets, KPI) enabling us to execute plans to minimize the different types of audit risks i.e. general risks, and the account specific risks. The bank management also aided us to check their internal control system which enabled us to prepare and internal control questionnaire which are based on:

- The Control Activities
- The Control Environment
- Monitoring Control
- The Risk Assessment Process
- Information systems

*(Source: Process of Assurance: Planning the Assignment. Chapter 3. Assurance Study Manual)*

### *3.3.3 Analysis on assessing the risk of material misstatement of the client's financial statements*

- Assessing the client's general risks:

Our audit team performed the different types of tests in accordance with the ICAB to assess the general risks of the clients' documents which includes the financial statements, ledgers, profit and loss accounts, trial balances, income statements, Some risk areas of the identified and were as followed. The identification of the area of the risk can be:

- Some transaction recordings were inappropriate or showed anomalies
  - Transposition error when writing down the amounts.
  - The transactions can be processed in the wrong period
  - The procedure or process of the workings can be wrong.
  - Accounts missing or not in chronological manner
  - Mismatch detected in the individual or multiple accounts especially in the trial balance, and ledgers.
- 
- Assessing the account specific risks of the client

In this step, the risk associated with any given account is discovered by our auditors with the aid of the APM questionnaire. We checked the opening and closing balances of the accounts, accumulated any evidence, checked the individual ledgers, determined the transactions, and accounts that need to be handled, outlined the different inaccuracies, and assessed risk factors, established and evaluated mitigation strategies, and methods of the procedure.

#### ***3.3.4. Physical Inspection of Tangible Fixed Assets.***

The essential part of asset management is the physical verification of assets and is a part of the auditing procedure. At the client's premise, we usually audited to see whether the assets are within the business' possession or have been purchased by the company for themselves or not instead of bought by their own employee. Similarly, the ownership of the tangible assets should belong to the client or be in the name of the business, rather be on the lease. For that case, we examined the documents of the purchased assets. Next, the correct value of the assets. Later on, we again verified by cross-checking with the documents to match the count of the assets with the list, and also whether the assets tags match with tag numbers or not. This is how the fixed asset audit process happens, and is summarized in a sheet.



F		TANGIBLE FIXED ASSETS			
Client: XYZ Limited		Year End: 31-Dec-2014		File No.	
				Ref: F	
SUMMARY SHEET—TANGIBLE FIXED ASSETS					
Audit objectives	Planning		Final		
	Number of Key tests which satisfy objective *	Reference to bespoke tests to be carried out	Are you satisfied That the objectives have been met?	Comments	Initials
1 To establish that tangible fixed assets exist.	8,9		Yes		KD 15/3/15
2 To establish that tangible fixed assets are beneficially owned.	10		Yes		KD 15/3/14
3 To verify that all tangible fixed assets are recorded and disclosed at cost or revalued amount and that the basis is acceptable.	11,12, 13,14, 15		Yes		KD 15/3/14
4 To confirm that depreciation is adequately provided over the estimated useful lives of the assets.	16		Yes		KD 15/3/14
5 To confirm that all necessary disclosures concerning fixed assets have been made and that the information is appropriately presented and described.	17,18, 19		Yes		KD 15/3/14
<b>Planning conclusion</b>					
I am satisfied that from the tests planned sufficient evidence can be gained to satisfy the objectives.					
----- Section -----					
Prepared by: Mr. B					
----- Column Break -----					
Date: 24 Nov. 2014					
----- Section -----					
----- Section -----					
Reviewed by: Mr. X					
----- Column Break -----					
Date: 20 Nov 2014					
----- Section -----					
<b>Final conclusion</b>					
From the audit work carried out I confirm that:					
-the work has been performed in accordance with the audit programme;					
-the work performed and the results obtained have been adequately documented;					
-all necessary information has been collected for the preparation of the statutory accounts ; and					
-in my opinion (subject to matters highlighted on B5 or B8)* tangible fixed assets are fairly stated.					

Figure 5. The Summary Sheet of Tangible Fixed Assets (Screenshot) [Source: ICAB]

### ***3.3.5 Cash Counting:***

Our audit team audited the cash and other cash equivalents to confirm bank balances, reconcile client's calculation differences, and to check whether there is any material cash balance held by the client correctly. We recorded the time of count, the location, and the names of the auditors, and staff of the client present before cash counting. For reconfirmation, we counted the amount of the cash balances of each bundle, and the number of the specific notes via cash counting machines. We also examined whether the mutilated notes, and forged notes are being kept separated from the issued cash bundles. These separated amounts were detected with a forge notes detector. Not only that, we compared everything with the cash book for further verification. After the cash count, we performed the reconciliation and investigated if there were any discrepancies or not. All of these were recorded on the working papers, and filed subsequently on the current audit files. The whole process of the cash transaction counting was audited in accordance with the Bank Company Act 1991, and the financial institutions Act 1994.

8019Summary sheet- Cash and Cash equivalent.....  
Not saved yet

Client:	Year End:	File No.	Ref: K
---------	-----------	----------	--------

**SUMMARY SHEET — BANK BALANCES AND CASH**

	<i>Planning</i>		<i>Final</i>		
	Number of key tests which satisfy objective*	Reference to bespoke tests to be carried out	Are you satisfied that the objectives have been met?	Comments	Initials
<b>Audit objectives</b>					
1	To establish that all bank balances and over-drafts have been included at the correct amount.	8, 9	Yes		B
2	To ensure that bank balances and overdrafts are correctly disclosed..	10, 12	Yes		B
3	To ensure that cash balances are genuine and have been included at the correct amount	15	Yes		B
4	To confirm that all necessary disclosures concerning bank and cash balances have been made and that the information is appropriately pre-sented and described.	21,22,23	Yes		B

**Planning conclusion**  
I am satisfied that from the tests planned sufficient evidence can be gained to satisfy the objectives.

Prepared by: \_\_\_\_\_ A \_\_\_\_\_ Date: \_\_\_\_\_  
Reviewed by: \_\_\_\_\_ B \_\_\_\_\_ Date: \_\_\_\_\_

**Final conclusion**

- From the audit work carried out I confirm that:
- the work has been performed in accordance with the audit programme;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the preparation of the statutory accounts, and
- in my opinion (subject to matters highlighted on **B5** or **B8**)\* bank balances and cash are fairly stated.

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_  
Reviewed by: \_\_\_\_\_ Date: \_\_\_\_\_

**Alternative conclusion (ANY alternative conclusion MUST be referred to on B5 or B8)**

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_  
Reviewed by: \_\_\_\_\_ Date: \_\_\_\_\_

\* Delete if not applicable.

Figure 6. The Summary Sheet of Cash and Cash Equivalents (Screenshot) [Source: ICAB]

### **3.4 Summary and Conclusion**

To conclude, after analyzing the findings, the auditor compiles the audit evidence as a report after gathering all the audit procedures pertinent to the financial statement. The evidence is then evaluated, assessed, and examined whether it is appropriate and sufficient after gathering it which is compared to the intended materiality figure. Furthermore, I have analyzed the steps of the audit procedures of the Prime Bank Limited through ACNABIN Chartered Accountants in the findings, and analysis where I have considered an overall goal of the client with the initial information being gathered. Moreover, different categories of the material misstatements risks were assessed, and internal control activities analyzed. The recommendations have been stated primarily focusing on the future of the audit procedures associated with the technology as it will play a vital role in the banking sector as well. Last but not the least, not only we external auditors are appointed to check the financial institutions' data, but are also encouraged to keep an eye on whether the banks are operating in adherence to the regulations of the ICAB, and Bangladesh Bank.

### **3.5 Recommendations:**

In Prime Bank Ltd, we were given full access to their ERP for tracing, examining, and extracting data. We nowadays scan numerous files, and documents, and store them for further analysis. But still, if we want to cope up with the surrounding competition in providing client-friendly services, especially in this tech savvy world then we need to adapt to these drastic changes by adding new skills, and expertise to our arsenal. The emergence, and advancement of the technologies, and the evolution of the business model will shape the future of auditing, and transform this profession increasing the expectations of the investors towards audit procedures, and auditors. This will enhance the procedure of audit to be more efficient. The auditors will be able to gather large volumes of data, identify the potential fraud and other irregularities, and provide top-notch value added services to their clients in a less timely manner than before.

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