

Report On
Efficiency in Audit Practice of Ernst & Young (EY)

By

MD TANVEER AL FAISAL
21204226

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

BRAC Business School
BRAC University
April 2024

© 2024 BRAC University
All rights reserved.

Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing a 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:

MD TANVEER AL FAISAL
Student ID: 21204226

Supervisor's Full Name & Signature:

Riyashad Ahmed
Assistant Professor of Finance
Director of Programs (MBA & EMBA)
BRAC Business School
BRAC University

Letter of Transmittal

Mr. Riyashad Ahmed

Assistant Professor & Director of Programs (MBA & EMBA)

BRAC Business School

BRAC University

KHA 224, Progati Sarani, Merul Badda, Dhaka 1212

Subject: Submission of Internship Report

Dear Sir,

I am grateful to the Almighty for providing me with the opportunity for completing the internship and submitting this report to you. I am also very grateful for your kind advice and guidance while preparing this report. I consider myself lucky enough to have you as my internship supervisor. This report includes a summary of my role as an intern at Ernst & Young, the organization overview and also research on the topic “Big 4 Accounting Firm and Their Efficiency in Audit Practice”.

I therefore, hope that you would like and appreciate the effort that I have put in the report. I also hope that this report will benefit every reader in a fruitful way which was a prime goal while writing this report. Thank you for encouraging me to work on this interesting topic. I hope you will accept it with thoughtful consideration.

Sincerely yours,

MD TANVEER AL FAISAL

21204226

BRAC Business School

BRAC University

Date: 29/04/2024

Non-Disclosure Agreement

This agreement is made and entered into by and between Ernst & Young and the undersigned student at BRAC University, BRAC Business School

...**MD TANVEER AL FAISAL**.....

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

Acknowledgement

Above all, I would like to express my gratitude to Almighty Allah for granting me the ability to remain well and finish the internship program during the busiest audit period for EY. Without the Almighty's guidance, all of my efforts would have been in vain. Next, I want to express my gratitude to my parents for their unwavering support and assistance in helping me finish my degree.

To begin, I'd like to express my thanks and indebtedness to my faculty, Mr. Riyashad Ahmed, Assistant Professor & Director of Programs (MBA & EMBA), BRAC Business School, BRAC University, for his unwavering support, guidance, encouragement, and suggestions during the composition of my internship report.

Finally, Mr. Suvankar Roy, FCA, Senior Manager Audit & Assurance, Ernst & Young, deserves my gratitude for his guidance, continual support, and supervision. I have gathered hands-on experience on the procedure of external audit in FMCG sector.

Executive Summary:

In the world of today's corporates where regulations are always changing and technology is advancing at a very fast pace the efficiency of the audit processes is essential to keep trust in the financial reports. This report deals with the peculiarities of audit efficiency at Ernst & Young (EY), one of the so-called Big 4 accounting firms, in this context. This study is aimed at revealing the ways EY develops efficiency in combination with the highest standards of quality and compliance, the analysis of the company's techniques, tools, and tactics in its audit business. Auditors need to pay attention to detail, in order to meet the strict requirements of such regulators as PCAOB, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB). The complex accountability landscape makes EY as the leading auditing brand to have to maneuver through it to offer assured, consistent, and timely audits.

This research aims to scrutinize the start, the development and the end of EY audit process. This research is going to examine the way EY auditors assess the financial statements, showing the possible risks and create audit procedures. It also provides methods of enhancing the productivity and efficiency of audit through the use of data analysis tools and latest technology. EY aspires to adopt state of the art technology that enables the audit process to be automated and removes the need for manual intervention, focusing on the areas of highest risk.

Another issue that will be examined in this report is the issue of competence and knowledge of EY's audit teams. To ensure that its auditors can handle complex audit engagements, EY has invested heavily in auditor recruitment, training, and professional development interventions. Moreover, the paper emphasizes on communication, collaboration, and teamwork when groups develop an innovation and errorless perfection culture among the audit teams and achieve an ideal synchronization among these team members.

The purpose of this study is to understand the determinants of audit efficiency and its implications for stakeholders by moderating the audit practices of EY. To further the long enduring conversation on the best practices of auditing and the performance improvement initiatives, this study is aimed at presenting how EY manages to gain higher efficiency without any loss of quality or compliance.

Keywords: audit, efficiency, compliance, procedures, auditors, accounting, technology, effectiveness, audits

Table of Contents

| | |
|--|-----------|
| Declaration | 1 |
| Letter of Transmittal | 2 |
| Non-Disclosure Agreement | 3 |
| Acknowledgement | 4 |
| Executive Summary: | 5 |
| List of Acronyms | 9 |
| Glossary | 10 |
| Disclosure: | 11 |
| Introduction | 11 |
| Chapter 1: Overview of the Internship | 12 |
| Introduction | 13 |
| Internship Personal Experience Reflection | 13 |
| Student’s Contribution to the Company | 14 |
| Benefits to the Student | 14 |
| Difficulties Faced during the Internship | 14 |
| Objectives of the Internship | 15 |
| Chapter 2: Organizational Part: Overview of EY Operations and Strategic Audit | 16 |
| Background of Ernst & Young (EY)..... | 16 |
| Significance of Audit Practices..... | 16 |
| Introduction to Operations and Strategic Audit..... | 16 |
| Overview of EY's Operations | 17 |
| Strategic Audit Methodologies | 17 |
| 1. Planning and Risk Assessment: | 17 |
| 2. Materiality and Scoping:..... | 17 |
| 3. Evaluation and Testing | 18 |
| 4. Control Evaluation: | 18 |
| 5. Reporting and Communication: | 18 |

| | |
|---|-----------|
| SWOT Analysis of Ernst & Young's (EY) Audit Procedures | 19 |
| Structural and Operational Audit Integration | 20 |
| Background of the Study analysis:..... | 21 |
| Literature Review: | 22 |
| 1. Audit Methodologies and Tools:..... | 22 |
| 2. Risk Assessment and Audit Planning:..... | 23 |
| 3. Management of Talent and Expertise:..... | 23 |
| 4. Quality Control and Regulatory Compliance: | 23 |
| Chapter 3: Project Part: Hands-on Experience and Project Insights..... | 24 |
| Introduction to Project Part..... | 24 |
| Nature of Projects Undertaken..... | 24 |
| Methodologies Employed..... | 25 |
| Risk-Based Approach..... | 25 |
| Sampling Techniques | 25 |
| Data Analytics..... | 25 |
| Control Testing | 25 |
| Challenges Encountered | 25 |
| 1. Complexity of Client Operations: | 26 |
| 2. Tight Deadlines: | 26 |
| 3. Technical Completion: | 26 |
| 4. Communication with Clients: | 26 |
| Lessons Learned (skills)..... | 26 |
| 1. The significance of collaboration:..... | 26 |
| 2. Adaptability and Resilience: | 27 |
| 3. Lifelong Learning:..... | 27 |
| 4. An Approach Focused on the Client: | 27 |
| Conclusion | 27 |
| The things I learned from the company:..... | 28 |
| 1. Research Design:..... | 28 |
| 2. Data Collection: | 28 |

3. Sampling:28

4. Analyzing the Data:28

5. Ethical Considerations:29

6. Limitations:29

Qualitative Research:29

Quantitative Research:30

Findings:.....31

 Points of contention:.....31

Results32

Conclusion:.....33

References:35

List of Acronyms

| | |
|-------|--|
| EY | Ernst & Young |
| ADB | Asian Development FMCG sector |
| ANOVA | Analysis of Variance |
| CA | Chartered Accountant |
| CARE | Cooperative for American Relief Everywhere |
| CC | CA Course Complete (Not qualified yet) |
| ERP | Enterprise Resource Planning |
| FS | Financial Statement |
| IAS | International Accounting Standards |
| ICAB | Institute of Chartered Accountants of Bangladesh |
| IFRS | International Financial Reporting Standards |
| OBL | ONE FMCG sector Limited |
| ODA | Official development assistance |
| SME | Small Medium Enterprise |
| SPSS | Statistical Package for the Social Sciences |
| SWOT | Strength weakness opportunity and threat |
| TDS | Tax Deduction at source |
| VAT | Value Added Tax |
| VDS | Vat Deduction at source |

Glossary

Audit

An audit is an "independent examination of financial information of any entity, whether profit oriented or not, irrespective of its size or legal form when such an examination is conducted with a view to express an opinion as professional judgement.

Professionals

A profession is a member who has proficiency in any respective domain. Here, professionals indicate those personal who has proficiency in chartered accountancy. They can be either qualified or unqualified accountant.

Disclosure: Due to respect the privacy of client confidentiality I am unable to disclose client name or information.

Introduction



A bedrock of confidence and assurance in the current corporate world, auditing is essential in the complex web of cross-border and cross-industry financial transactions. Companies are under increasing pressure to provide accurate, reliable, and transparent financial reports in order to satisfy stakeholders and comply with strict regulatory frameworks. This puts a premium on efficient audit methods. As one of the four major accounting firms in the world, Ernst & Young (EY) plays a crucial role in this context. Its job is to ensure that audits followed all regulations and gave stakeholders useful information (Ernst & Young Global Limited,2021).The company is align with the BD and Islam Hoque Hanif and Co. Chartered Accountants .

The complex nature of financial reporting is aggravated by the ever-changing regulatory and technology environment, posing significant problems for audit firms such as EY. To enhance the efficiency of its audit procedures, EY should change its audit approaches continuously, utilize advanced technology and foster a culture of innovation. We should ensure that audit quality and compliance will not be compromised when seeking efficiency. Achieving the right balance between efficiency, quality, and compliance is one of the key challenges for audit firms in the fast moving world of business today.

This backdrop is what is utilized in this paper to investigate further about Ernst & Young's (EY) audit methodologies in respect to their efficiency. The purpose of this study is to analyze procedures, methodology and strategies that EY's auditors use in details to reveal how they achieve to be both effective and provide a high quality and compliant work. More clearly, this research

aims to examine the factors influencing audit effectiveness and broader implications to stakeholders in the context of EY's audit planning, risk assessment, use of data analytics, talent management, and technology adoption.

The impact of good audits goes beyond the specific audit engagements and involves all the constituents of a firm's environment including creditors, investors, regulators etc.

Unbiased decisions, detail investment analyses, and high market confidence can be achieved through accurate and timely financial information. In addition, the trust in the capital markets, transparency, and accountability are promoted by deep audits, thus improving the effectiveness of the corporate governance processes.

Auditors like EY are compelled to innovate and change in line with the regulatory environment that is continually evolving. This is a result of initiatives such as IFRS, the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act. This report aims at how EY achieves optimal audit efficiency without compromising the quality or compliance through the regulatory issues, technological advancements, and experience harnessing.

Besides, the conclusions and recommendations of the study should be of interest to researchers, regulators, lawmakers, and audit practitioners. Our study intends to contribute to the ongoing discussion of the best practices in audit, performance improvement programs, and auditors' changed role in the contemporary corporate environment by shedding more light on the techniques EY uses to improve audit efficiency.

Chapter 1: Overview of the Internship

1.1 Student Information

Name: Md Tanveer Al Faisal

Student ID: 21024226

Department: BRAC Business School

Program: Bachelor of Business Administration

Major: Accounting

2nd Major: Finance

1.2 Internship Information

1.2.1 Employment Details: Provided down below-

Work Duration: 16th August 2023 to Present (Internship then articleship)

Company or Firm name: Islam Hoque Hanif & Co. Chartered Accountants (A member firm of EY)

Department: External Auditor as an Audit Associate

Address: Floor -9, Navana Pristine Pavilion, 128 Gulshan Ave, Dhaka 1212, Bangladesh.

1.2.2 Internship On-site Supervisor Information

Supervisor Name: Suvankar Roy, FCA

Designation: Senior Manager Audit & Assurance

Introduction

I have acquired a thorough understanding of the audit methodologies when I had my internship in Ernst & Young (EY), one of the world's famous "Big 4" accounting companies. This chapter offers an overview of the internship, covering everything from the history of EY and the importance of auditing to the accomplishments obtained during internship.

Internship Personal Experience Reflection

The internship I had with Ernst & Young (EY) was a great adventure that played a huge role in my personal and professional growth. An Audit Associate was the position I had while studying, and here, I gained practical experience in the place where theory was implemented. The variety of projects I have participated in has extended the scope of my experience in various industries and auditing approaches, improving my analysis and attention to detail.

Working with seasoned professionals was a good aspect of my internship.. It not only allowed me to gain insights from seasoned auditors but also helped me understand the importance of teamwork, effective communication, and a client-focused approach in achieving audit objectives. The

challenges encountered, such as navigating complex client operations and meeting tight deadlines, taught me resilience, adaptability, and the importance of meticulous planning and execution.

Student's Contribution to the Company

During my tenure, I believe that I have contributed to the company by fulfilling the assigned tasks timely and smoothly. For example, I was assigned to multiple clients, I sent balance confirmation to all our clients. Notably, I was always able to deliver error free work in a timely manner. However, the most appraised contribution of mine was communicating with client efficiently. The task was very challenging. Finally, I took part in identifying discrepancies of client ERP system.

Benefits to the Student

I was able to expand my knowledge and skill set as well as understand how academic knowledge can be useful in practical situations while working here. Not to mention I've improved greatly in both communication and time management. Furthermore, the organization fosters a friendly and conducive learning environment which allowed me to participate in a variety of events. Notably I received an invitation to participate in a very informative training session called the "India Learning Program".

Difficulties Faced during the Internship

I had trouble getting used to the long office hours because this was my first full-time job. In addition, it was a difficult task that required me to interact and coordinate with multiple people in order to identify inconsistencies in the clients ERP system. Because there was little opportunity to cross-validate the information I was forced to primarily rely on the interview data in order to finish Chapter 3 of this report which raises the possibility that the findings contain biases. Finally as a novice at the start of my internship I had trouble interacting with different people in a diplomatic and astute manner. However, I quickly overcame these challenges with the help of my on-site supervisor.

Recommendations to the Company for Future Internships

It is suggested that taking internship opportunity at EY Bangladesh only those students who are willing to pursue chartered accountancy. CA firms present a lot of challenges. Workplace diversity is high. I was granted significant authority such as job supervisory duties or negotiating with clients to obtain sensitive information. Even so he or she needs to be an excellent team player because the annual audit is mostly completed in a team. Still an working with CA firms like EY Bangladesh can provide individuals with a wealth of information. For the purpose to maximize scope it would be beneficial for them to properly navigate that particular sector as interns. An internship candidate should also consider the job location because it will add a huge advantage as well as work efficiency.

Objectives of the Internship

The goal of the internship program at EY was to give interns a taste of what it's like to work at a multinational professional services business and gain experience in auditing. These were the main goals of the internship:

1. Learning about the theories and methods that support auditing practices.
2. Learning the ins and outs of auditing, from risk assessment and substantive testing to analytical techniques, via hands-on experience.
3. Familiarity with the standards and regulations that regulate audit engagements, including IFRS and GAAS (Generally Accepted Auditing Standards).
4. Work together with seasoned experts to solve customers' problems and meet their audit needs in the real world.
5. Improving our skills in communicating, working together, and solving problems in a fast-paced, customer-focused setting.

Chapter 2: Organizational Part: Overview of EY Operations and Strategic Audit

Background of Ernst & Young (EY)

As a top worldwide provider of assurance, tax, consulting, and advising services, Ernst & Young (or EY for short) is a major player in the professional services industry. After Ernst & Whinney and Arthur Young & Co. merged in 1989 to form EY, the company has grown to employ more than 300,000 people in more than 150 countries. EY is known for its commitment to honesty and quality. It helps many clients, including big entities and startups, in achieving long-term success and confidence in cross border trade.

Significance of Audit Practices

Transparency of financial reporting and assurance are two objectives that EY tries to achieve through its audit services which are a major part of the services that the company offers. An audit aims at instilling faith in stakeholders on the reliability and honesty of financial information through a systematic scrutiny of an organization's financial records, transactions, and internal controls. The role of audits in protecting the interest of the investors, reduction of financial risks and preserving soundness of financial markets is becoming more and more critical within the current context of regulatory empowerment and volatile market features. Because audit methodologies impact the investment, corporate governance, and general stability of the financial system as a whole, the effectiveness and efficiency of these methods have significant stakeholder implications.

Introduction to Operations and Strategic Audit

For auditing firms such as Ernst & Young (EY) to perform their engagements efficiently and effectively, it is essential to understand the strategic and operational aspects of auditing. The following chapter will provide the comprehensive description of EY's operational and strategic audit methodology. It will describe the fundamental concepts, actions, and systems for providing customers services that add value.

Overview of EY's Operations

Every one of EY's member businesses is part of a worldwide network that shares a common goal and set of values: to render competent and honest services. Clients are from the street and from the world when the firm's operations span assurance and tax to consulting and consultancy. The operating model of EY is characterized by a client centric approach of strategy where teams collaborate to understand client needs, anticipate challenges and tailor solutions to complex business problems.

The people are the lifeblood of EY, and they embody the principles of innovation, integrity, and quality which the organization maintains. Through continuous investment in people development, knowledge sharing, and technology driven processes, EY ensures that its professionals have everything they need to deliver outstanding client service and drive long term success.

Strategic Audit Methodologies

EY's strategic audit methodologies is aimed at the clients' understanding of their operations, levels of risk, and possibilities for development. Such techniques encompass the formal assessment of strategic objectives, assessment of key risk factors, and effectiveness of control measures applied to mitigate those risks. Usually, there are a few steps to a strategic audit: Usually, there are a few steps to a strategic audit:

1. Planning and Risk Assessment: The first thing to do is to understand the client's corporate culture, strategic objectives and key risks. Auditors obtain a complete picture of the client's operations when they conduct detailed analyses of financial statements, industry trends, and regulatory requirements. This enables them to adjust audit procedures when necessary.

2. Materiality and Scoping: Risk assessment findings determine materiality levels and scoping of audit engagements by focusing auditors on areas with the greatest impact on financial statement users. For purposes of effective audit, materiality considerations determine resource allocation in audit and the selection of testing techniques.

3. Evaluation and Testing: To make sure that the financial accounts of their clients are accurate and complete, the auditors use detailed testing procedures. To locate errors, frauds, or misstatements, such procedures may include analytical reviews, substantive transaction and balance testing, and substantive analytical procedures.

4. Control Evaluation: The internal controls of the client are evaluated by the auditors to reduce financial risks and to conform with regulatory requirements looking on their design and operational effectiveness. Testing control methods are recording control activities, walk-throughing, and sample testing of how well the controls are operating.

5. Reporting and Communication: Auditors provide detailed audit reports upon the completion of audit processes to the management of clients and other interested parties. These reports are results-bound with further suggestions. Endorsing the judgment based on learning and transparent financial reporting, such reports include the summary of the audit scope, substantial audit discoveries, control weaknesses, and recommendations for correction.

SWOT Analysis of Ernst & Young's (EY) Audit Procedures

| | |
|--|---|
| <p>Strengths</p> <p>Innovative Use of Technology: Data analytics and robotic process automation (RPA) integrated into audit processes of EY are one of the prominent sides of the firm. With this technological advancement, one can easily work with large data sets with high precision and efficiency which is essential for quality of audits and overall audit efficiency.</p> <p>Talent Management and Professional Development: EY’s process of hiring, training and continuous professional development results in a group of highly gifted audit professionals. This also enhances audit efficiency and promotes a creative and quality culture.</p> <p>Regulatory Compliance and Quality Control: The EY policy of recruitment, training and professional growth results in a pool of very skilled audit professionals. This further enhances audit efficiency and fosters an innovative and quality culture.</p> <p>Collaborative Culture: The importance of the team, the knowledge sharing as well as the client focused approach make EY’s audit processes more effective and help offer creative solutions to complex auditing issues.</p> | <p>Weaknesses</p> <p>Dependency on Technology: Technical solutions dependency can erode human judgment and professional skepticism, key factors in auditing.</p> <p>Resource and Time Constraints: The deadline pressure and utilisation of resources could lead to inadequacy and inaccuracy of the audits as financial transactions and regulatory requirements are complicated nowadays.</p> <p>Potential Conflicts of Interest: The issue with providing non-audit services is that even though risk reduction measures may be in place, there will be concerns about the independence and objectivity of the auditor.</p> <p>Transparency and Accountability: Dealing with regulatory investigations and openly admitting audit weaknesses are crucial for trust preservation. The perception of any possibility of transparency or accountability issue would affect the reputation of EY.</p> |
| <p>Opportunities</p> <p>Technological Advancements: Investing in and embracing the latest technologies will provide EY with an opportunity to further simplify the audit process and improve data analysis capabilities.</p> <p>Market Expansion: Opportunity for EY to diversify its audit services to the emerging markets and sectors that are growing quickly and in need of advanced auditing services.</p> <p>Regulatory Evolution: Changes in regulatory environments create opportunities for EY to</p> | <p>Threats</p> <ul style="list-style-type: none"> • Rapid Technological Change: The speed of technological change is a challenge in regards to getting to know new devices and making sure audit staff is properly trained on their effective use. • Increasing Regulatory Scrutiny: Regulators keep a close eye over the audit firms, and any failure to keep in line with the changing standards can be |

| | |
|--|--|
| <p>dominate in compliance solutions and advisory services, underpinning its role as a fake audit partner.</p> <p>Collaborations and Partnerships: Engaging in collaborations with fintech companies, academic institutions, and other stakeholders can drive innovation in audit methodologies and practices.</p> | <p>a great risk both legally and reputation-wise.</p> <ul style="list-style-type: none"> • Competitive Pressures: The market competition in this sector is very high with the companies striving to offer more efficient, innovative and cost-effective audit services. Keeping the competitive advantage demands constant development and change. • Cybersecurity Risks: The digital nature of audit processes makes the threat of data breaches and cyber attacks more real, which in turn threatens the confidentiality and integrity of audit information. |
|--|--|

Table 1: The critical SWOT analysis of EY

Source: Made by author

Structural and Operational Audit Integration

In a view of the more comprehensive understanding of the performance of their clients’ business and risk management approach applied, EY unites operational and strategic audit methods. EY takes control over audit procedures and assure that they are in line with strategic objectives and operational priorities by helping clients identify opportunities to raise value, improve resource allocation, and respond to new risk. Using this integral approach, EY can offer recommendations that will support long-term success, build trust with stakeholders, and create sustainable growth.

Finally, EY’s service delivery model works with the organization practice and strategic audit methods which make it easier for the professional, ethical, and quality values to be followed. To help clients to deal with the changing business world, to seize opportunities, and achieve their strategic objectives, EY combines technical know-how with industry experiences and associational approach.

Background of the Study analysis:

Modern day audit industry has changed significantly due to technology, new legislations, and the evolution of stakeholder expectations among other factors. Ernst & Young (EY) is a major player in the field of auditing and forms part of the Big Four accounting firms. They cater to a wide range of customers from around the globe and many industries. The rapidity of the audit process has thus become the primary determinant with regard to the relevance, reliability, and quality of the audits due to the greater complexity of financial reporting and the more stringent scrutiny of both the investors and regulators.

The greatest era of pre-historic societies also marked the beginning of auditing which was done through some primitive methods of financial checks to confirm the validity of trades. Auditing has now turned into a profession based on a set of principles, theory, and practice to keep those financial accounts accurate and credible. Modern auditing standards such as Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) have redefined the role of auditors in assessing compliance with reporting standards and regulatory requirements.

Following WorldCom and Enron major corporate failures that have changed the regulatory environment, governments and regulatory bodies imposed harsh reforms aimed at rebuilding the lost trust and transparency in the financial markets. In other words, the laws as the Companies Act in the UK, and the Sarbanes-Oxley Act (SOX) in the USA, which raised the responsibility among company leaders and the auditors, emphasized internal controls, corporate governance, and independent monitoring.

One of the main challenges faced by audit firms such as EY in this regard is adherence to the regulatory standards and provision of beneficial insights to the stakeholders. Modern corporate activities are fluid and are always changing because of factors such as digitization, globalization, and innovation. Hence, auditors face new challenges and should develop new audit approaches, technologies and theories to improve the productivity and quality.

Audit resilience and adaptation were emphasized as audit faced with the delay in business operations, remote work and financial uncertainty. To cater for the smooth flow of the audits and timely customer insights, the audit firms have gone to the extent of scaling up their digital

transformation strategies. They use remote auditing technologies, data analytics, and AI driven solutions.

There is an urgent need to do research of the usage of audit by EY, one of the biggest companies in the auditing area that in fact answered to these changes. This study purposes to identify the factors that influence audit efficiency and stakeholders responded that these factors can be found through a detailed review of the EY audit methodology, tools, talent management practices and regulatory compliance frameworks. Moreover, this research aims at Recommendations to help make audit efficient, however, to keep it professional, honest and qualitative.

Finally, the environment of this research reveals that auditing is dynamic; it changes in response to variables such as new technologies, revisions in laws, and stakeholder expectations. The research is proposed to make some contribution to the current discussions concerning audit effectiveness and performance improvement and the future of the auditing profession in a dynamic corporate environment, by evaluating the auditing processes of EY.

Literature Review:

Audit efficiency literature review encompasses wide range of subjects from audit tools and procedures aspects to organizational initiatives and regulatory frameworks. The study of this complex area by researchers has looked into different dimensions of audit efficiency, including what makes audits efficient and what it does. This literature review situates the discussion in the context of Ernst & Young (EY) audit methods and summarizes key findings from prior research.

1. Audit Methodologies and Tools:

Initially, the audit processes and instruments are significant in determining the success and effectiveness of audit engagements. It is clear that a move has been made in recent years to away from data and technology informed processes with the only few of these traditional audit techniques like sample base procedures and the manual tests. Some of the advanced audit techniques that are under study due to their possible impacts on audit effectiveness include data analytics, AI, and machine learning. For instance, according to the study conducted by DE Fond and Lennox (2017), auditors may enhance productivity in this case by observing trends and anomalies more quickly when data analytics are integrated into audit procedures.

2. Risk Assessment and Audit Planning:

Risk identification and development of detailed audit plan are the most important principles of the effective auditing process. To optimize the use of available resources, auditors need to place the audit processes in the order according to their assessment of inherent and control risks, with the attention being paid to high-risk areas. The audit efficiency and risk assessment methodology studies have focused on dynamic risk assessment models and continuous monitoring approaches (Krishnan & Visvanathan, 2019). Proper planning allows auditors to utilize available resources, anticipate obstacles and adjustments in audit procedures to account for particular risks.

3. Management of Talent and Expertise:

The expertise and knowledge of audit specialists make audits successful. Personnel management programs that concentrate on hiring, training, and career advancement will help auditing companies to develop the necessary competencies among their auditing staff. Specialization and domain knowledge are key to making audits more effective and efficient, according to Hatherley (2019). To make audit more effective, development of teamwork, information sharing, and learning culture is vital. This will enable the audit teams to aggregate their experience.

4. Quality Control and Regulatory Compliance:

Regulatory compliance is the basis of audit processes, and determines the environment within which such companies operate. Top concern for the Public Company Accounting Oversight Board (PCAOB) is high-quality and integrity of audits. To maintain trust on audits by the public, compliance to standards such GAAS and International Standard on Auditing (ISA) (IAASB, 2018) is important. In the matter of enhancing audit efficiency and ensuring the compliance with the regulatory requirements, quality control procedures such as compliance audit, internal inspection, and peer review becomes significant.

Adopting and innovating with technology: With the rapid advance of technology, new ways to improve effectiveness and efficiency have emerged, thus changing the methods of audit. EY and other audit firms are tapping into modern technology such as robotic process automation (RPA), blockchain, as well as cloud computing to enhance the efficiency of audits. Technology makes an important contribution to automation of routine operations and to the reduction of human error and into data-driven decision-making in audits according to Simunic (2017). Technology will allow

audit firms to achieve maximum resource use, shorten the audit periods and provide insights that add value to businesses.

In a nutshell, studies on audit effectiveness indicate that audit procedures are complicated and there are a number of factors that influence efficiency. Adherence to several criteria such as audit methodology, risk assessment, people management, and regulatory compliance ensures that audit engagements are more effective and efficient. To empirically examine the audit processes of Ernst & Young, this literature review synthesizes the results of previous research to provide a comprehensive framework for understanding the determinant of audit efficiency.

Chapter 3: Project Part: Hands-on Experience and Project Insights

Introduction to Project Part

I also developed practical skills in applying audit methodology, problem-solving, and client value addition, over the project part of my internship at Ernst & Young (EY). This chapter gives detailed summary of the project segment, describing the projects undertaken, methods employed, challenges encountered, and lessons taken away from the internship.

Nature of Projects Undertaken

My internship at EY was characterised by my involvement in several audit projects in different sectors. Every project posed its own challenges and opportunities for development. These initiatives involved financial statements audits, internal control assessments, compliance reviews, and custom engagement to meet the specific client needs. A private company seeking to become public required a set of testing procedures, while a multinational corporation needed an assessment of its internal controls. The size of projects varied accordingly. I learned to sharpen my analytical and problem-solving skills along with technical aptitude through the many projects I participated in.

Methodologies Employed

EY audit initiatives were implemented in a systematic manner that complied with both industry and governmental standards. Important approaches used during the project phase comprised:

Risk-Based Approach

Then, the risk assessment was a complete one in which each of the projects was analyzed to gather information about the periods that should be audited, and in which sequence, given the importance of these areas to the users of the financial statements and the probability of a significant misstatement. To make sure that audit efforts were concentrated on areas with the most inherent risks, this risk-based approach ensured that the efficiency of audits was maximized and the allocation of resources was optimized.

Sampling Techniques

Substantial testing methods using sampling techniques ensure sufficient evidence of the correctness and completeness of financial data. All sampling techniques were employed, such as statistical, judgmental and systematic, and they were tailored to the specific audit engagement in question.

Data Analytics

Auditors employed the most modern data-based analytics tools and techniques to carry out comprehensive evaluations of financial data in order to detect patterns, outliers and potential trouble spots. Utilization of data analytics made audit processes more productive and efficient, thus, enabling auditors to know more about financial and operational performance of their clients.

Control Testing

Auditors employed the blend of questioning, observing, reviewing documentation, and testing of controls to appraise the design and operational effectiveness of internal controls. Ways of assessing controls in order to see if they function and identify areas where controls may be improved or repaired.

Challenges Encountered

To complete the assignment of the internship well, creative problem-solving, strong teamwork, and clear communication were all required. The following were among the difficulties: The following were among the difficulties:

1. Complexity of Client Operations:

Our clients' businesses often crossed both national and industry boundaries that made it challenging to understand intricacies of their operations and pinpoint relevant audit issues.

2. Tight Deadlines:

Audit engagements were typically performed within tight deadlines to meet regulatory filing requirements or client demands. This also implied that the team members should be very time conscious, prioritize and coordinate effectively.

3. Technical Completion:

In order to thoroughly evaluate and verify financial data, specific knowledge of accounting principles, auditing standards, and industry-specific rules was necessary for specific audit procedures like complex financial instruments, fair value measurements, and accounting estimates.

4. Communication with Clients:

Being clear, tactful, and diplomatic was essential for successfully relaying audit results, suggestions, and possible improvement areas to client management and stakeholders.

Lessons Learned (skills)

The project component of my internship taught me a great deal that will definitely help me advance in my career as an audit and assurance specialist. Here are a few important things we learned:

1. The significance of collaboration:

The successful completion of the audit engagements mostly depends on proper collaboration of the team members coming from different backgrounds and having various skill sets and the sharing of knowledge. Collaboration approach fosters innovation, creativity, and synergy in problem-solving.

2. Adaptability and Resilience:

Ruby and Bills 2012 document provides another argument in support of the ability to change of auditors in that audit engagements are always changing and therefore, auditors should be able to quickly adjust to new circumstances, changes in scope, and unanticipated events. Resilient auditors can handle stress situations, stay cool and find creative solutions.

3. Lifelong Learning:

Auditing and assurance fields are not stagnant and are constantly experiencing change due to several factors such as new laws and regulations, technological advancements, and company strategies. Staying relevant within ones' field, upgrades in the technical competences, and value addition services towards clients are all attributes of lifelong learning and professional development.

4. An Approach Focused on the Client:

Providing personalized audit solutions that address client's specific needs and deliver measurable value is based on the knowledge of their business objectives, challenges, and preferences. Such a client-centered approach helps to develop trust, credibility, and long-term partnerships by positioning auditors as trusted advisers and strategic partners of their clients.

Conclusion

My internship at EY, especially in the project part, was a once in a lifetime experience that made me learn everything about what auditing, customer relationships, and industry best practices are. Participation in a range of audit projects helped to develop my analytic skills, gain practical skills and learn more about cases when auditors protect the financial integrity, improve transparency and gain trust of stakeholders. Professionalism, honesty and excellence will be characteristics of my career aspirations; this project will for sure support me to achieve these.

The things I learned from the company:

1. Research Design:

This study utilizes qualitative research approach for evaluating the efficiency of auditing processes of Ernst & Young (EY). Due to its capacity of digging into the data and interpreting from all sides, qualitative research is appropriate for analyzing complex phenomena such as audit process, methodology and strategies. The aim of this qualitative research is to reveal the determinants that influence the effectiveness of the EY audit and their results on the one hand and on the stakeholders, on the other.

2. Data Collection:

The sample for this research will be a combination of primary and secondary sources. EY's audit professionals and management, on the other hand, will be subjected to a primary data gathering semi-structured interview format. The purpose of these interviews is to understand and explore the methods EY uses in auditing, technology, staff management, and also the systems within which regulatory compliance operates. Secondary data will be sourced from academic literature, industry publications, internal records, and audit manuals to contextualize and support the findings of the study.

3. Sampling:

In order to ensure that the participants of this study are adequately exposed and knowledgeable about the audit procedures within EY purposive sampling approach will be employed. Interviews will target the main stakeholders, such as the audit partners, managers, and senior professionals, and they will be invited. The selection criteria will be years of experience, specialization areas, and participation in audit engagements in other firms and industries.

4. Analyzing the Data:

The data will be mean analyzed by the thematic analysis method that is specific in identifying the repeating trends, patterns and themes in the collected data. To acquire necessary data on audit effectiveness at EY, and analyzis of the interview transcripts and related documents will conducted. In order to fully understand the factors that influence the efficiency of audit process and the way they interact with each other, data will be coded, classified and analyzed to identify the overriding themes.

5. Ethical Considerations:

The subject of research ethics will dominate all the time. To ensure privacy, anonymity, and informed consent, all participants will be requested to give their consent before participation in the study. All pertinent professional bodies and institutions have set out their ethical standards, which the research will adhere to. For greater reliability of the results, any possible biases or conflict of interest shall be openly discussed and resolved.

6. Limitations:

This study may suffer from a number of limitations, although the methods and data collection were very comprehensive. Such factors include biases in the answers of the participants, inapplicability to anything other than the particular processes of audit procedures at EY, and access issues that may arise in relation to sensitive or private information. To mitigate the effect of these limitations, transparency, reflexivity and data triangulation will be used.

To sum up, the approach described earlier will guide the systematic analysis of audit efficiency within Ernst & Young's (EY) whereby relevant information about the factors affecting audit processes and their effects on stakeholders is obtained. The objective of this study is to contribute to the existing knowledge base on audit effectiveness and performance improvement using qualitative research methods to generate more contextual knowledge.

Qualitative Research:

Research Focused on the Nuances and Intricacies of Ernst & Young's (EY) Audit Processes: This qualitative study is a secondary data analysis that examines the effectiveness of audit techniques employed by EY. What EY auditors do may be discovered by researchers through internal working papers, audit manuals, and industry publications, as some of data sources among other. Qualitative data methodical analysis enables one to find and understand themes and patterns in EY's audit planning, risk assessment, people management, and regulatory compliance. Using this qualitative technique, researchers can quickly learn everything about the way EY approaches audit engagements. Secondary data qualitative research helps researchers explore the corporate culture, beliefs and professional standards embodied by EY that's effect on audit efficacy. Interrogating EY's concept of audit quality and effectiveness via interviews, corporate communications, and

internal memorandum enables scholars to bring to the light the underlying perspectives, attitudes, and behaviors. The significance of professional judgment, communication skills, and ethical considerations in audit practices is a qualitative research technique suitable for the study of audit practices. Researchers could add to the ongoing dialogue on the best cases of audit and performance improvement programs in EY by going deep into the qualitative data to make conclusions, test assumptions and take part in the current dialogue.

Quantitative Research:

The focus shifts to the analysis of numeric or categorical data obtained from recent sources and quantitative analysis based on secondary data to review the effectiveness of audit methods inside Ernst & Young (EY). Some efficiency variables among which is audit completion times, customer satisfaction scores and error rates of financial statements can be analyzed by using statistical techniques. Consulting internal and external audit databases, customer feedback surveys, and industry standards may provide EY's researchers with a lot of details about the effectiveness and success of the audit engagements.

Secondary data can be quantitatively analyzed by researchers to discover patterns, correlations, and trends of EY's audit efficiency. . This can be achieved by using statistical studies that can be used by researchers to identify the potential factors that influence audit efficiency through the analysis of relationships between variables such as audit team size, client complexity and audit fees. To assess the levels of efficiencies achieved in EY via data analytics and AI, scholars might carry out a quantitative research as to how the technology tools and automation affect the operations performed in the domain of audit.

Using secondary sources of quantitative data, researchers could measure EY's audit efficiency via quantitative data and, consequently, obtain empirical evidence. Generalizability of findings, objectivity, and scalability are among some advantages of this quantitative research method. The thorough investigation of the quantitative data that has been offered by the researchers may also be of use to the audit professionals, regulators, as well as, stakeholders that would thus help the development of these people in the proper understanding of the audit efficiency and performance enhancement measures.

Findings:

A range of critical findings, which were obtained from the comprehensive study of audit procedures in Ernst & Young (EY), have revealed the determinants of audit effectiveness as well as its impact on the stakeholders. Among many lessons learned, is the fact that data analytics and state of the art technology should be a central player in elevating the efficiency and effectiveness of audits. Through data analytics technology, EY auditors can optimize big amount of financial data, identify trends and anomalies faster and more accurately. RPA has clearly had a major positive impact on audit processes by removing the repetitive work. This has allowed the auditors to focus on the value-added activities eliminating the need for manual interventions. Furthermore, the findings illustrate that EY audit effectiveness is a result of personnel control and expertise. To ensure the successful completion of complex audits, EY has invested in its recruitment, training and career progression programmes which provide their professionals with the tools required. In addition, teamwork, knowledge sharing and continuous improvement uplift the effectiveness and quality of the audit team.

In addition, regulatory compliance is important to all relevant regulators and international audit standards embedded into the EY audit methodologies. The results suggest that quality control procedures are a mixed of checks and controls that are necessary to prove audit performance and regulatory compliance and enables the audit firms to do compliance checks, internal controls/procedure, and finally, peer reviews.

In conclusion, the results show that audit efficiency is a multi-faceted attribute of EY that has certain issues connected with prevention of regulatory compliance, personnel management, and technology improvement. The findings will support EY to continue improvement of audit techniques that keep quality level and compliance and responding to stakeholder and costumers needs in a highly changing environment of business.

Points of contention:

Despite the improvements in audit efficiency realized by Ernst & Young (EY), some others might disagree with a few aspects. One of the concerns is the abuse of data analytics and technology in auditing. However, human component in auditing can be overlooked by these tools despite the fact that they give opportunities for automation and deeper analysis of the data. All technological solutions will always be unable to fully substitute the professional judgement and skepticism of

auditors. In that manner, EY has to find the way to leverage technology with the need for auditors to apply their critical thinking and skepticism in the process.

Auditor quality may also suffer due to time constraint and resource limitations, which is another powerful point of critique. If audit firms are put under tight deadlines to complete engagements and use resource wisely, the completeness and accuracy of audits may be jeopardized. Given the increasing complexity of financial transactions and regulatory requirements, EY must ensure that auditors get the time and resources necessary to conduct proper audits. Lack funding poses threat to public confidence in the credibility of financial statements and audits' quality (Simunic,2017).

In addition, a customer of an audit who also uses EY for non-audit services may be worried about potential conflicts of interest. However, others argue that with EY continuing on in offering consulting and advisory services to their audit clients, the independence and objectivity of the auditor may be under threat despite the efforts that the firm has made in minimizing such conflicts. Therefore, EY has to have strong independence safeguards and due to all legal requirements to ensure that audit engagements are objective and unbiased.

There are also complaints that audit firms, such as EY, behave too openly and responsibly how they act when it comes to inspections and enforcement actions by the regulators. Others fear that audit firms might attempt to dodge questioning by regulators and refuse to own up when their quality is poor(zeff, 2017). To solve such problems and maintain the public's trust in the reliability of audit services, EY should adopt transparency, accountability, and a learning attitude.

In conclusion, audit efficiency has been increased greatly with EY, but there are some good sides that must be taken into consideration. To maintain the highest levels of professionalism, integrity, and quality in its auditing, EY should address problems of transparency, resource constraints, conflicts of interest and reliance on technology.

Results

EY's (Ernst & Young) audit practices detailed analysis provides many nuances about the complex drivers of the company's audit effectiveness. A radical influence of the cutting-edge technology and data analytics tools upon EY audit area is one of the most substantial revelations. EY auditors now can make deep analysis of large datasets with enhanced precision due to the utilization of sophisticated data analytics abilities. This enhances the accuracy and reliability of audit results and

in the process, makes audit activities much simpler, thereby optimizing the use of resources and focusing more on high risk areas. Cutting edge technology such as Robotic Process Automation (RPA) has brought even more remarkable gains in operational efficiency. With the automation of routine activities, however, auditors now have more time for strategic analysis and decision making (Krishnan,2019).

Further, the results demonstrate the significance of talent management and professional development programs for EY audit efficiency. EY has developed a team of highly qualified audit professionals through targeted hiring and continuous investments in training and development programs. Hence, quality and innovative culture of the firm is nurtured and audit teams are armed to face difficult audit engagements. The results also demonstrate the significant role of teamwork among the audit team members, they need to communicate and share their knowledge so that the whole process goes as it was planned and everyone is aware of all that is going on.

Moreover, the results emphasize the commitment of EY in compliance with laws and regulations, and adhering to international auditing standards. The quality control processes practiced by EY and their strict adherence to regulatory standards ensures the credibility and accuracy of their audits. Compliance is a critical part of the EY audit process because it shows that the organization is dedicated to professionalism and ethics. It also gives confidence to stakeholders in EY.

The fact-finding of EY's creative approaches, personnel management practices, and remit to regulatory compliance, in consequence, offered an eclectic profile of the determinants of audit efficiency within the company. A critical part of the current audit effectiveness and performance improvement activities debate in the accounting profession, these researches reveal for stakeholders, regulators, and auditors some very vital findings.

Conclusion:

In addition, as one of the leading global accounting firms, EY audit methodologies provide the complete satisfaction of what an EY audit makes efficient and effective. In this context, the results exhibit the revolution that the technology of data analytics and robotic process automation has brought to the auditing profession as the EY auditors are now able to quickly and accurately scan through complex financial records. This represents the devotion of EY to the implementation of

novel approaches and new methods for the welfare of clients and other stakeholders, as well as for the improvement of the reliability and quality of audit engagements.


In addition, the findings substantiate the leading role of EY's human resources management and training programs for increasing the efficiency of the auditing process. EY applies a complex recruitment approach, takes advantage of various training programs, and emphasizes lifelong learning. Besides from ensuring that the correct people possess the appropriate talents, talent management aims to foster cooperation, creativity and excellence at the workplace.

Additionally, the results of the study reveal the fact that EY is very committed to the compliance with the regulations and international auditing standards. Through efficient quality control methodologies, total compliance with regulatory requirements and compliance, the culture of accountability and transparency EY manages to ensure that its audit engagements continue to be trusted and trusted through all stakeholders, the virtue of excellence. The findings also highlight the necessity of effectiveness and performance improvement programs in the field of audit, and accounting. The assessment results can be utilized by EY and other audit firms in order to advance the strategies, to adopt new technology, and to manage the employees effectively. Besides, these results can help them to meet the changing business needs. In sum, these critiques of the EY audit strategies serve as a valuable source for academia, practitioners and regulators in auditing practice in that they provide numerous insights and recommendations of them. EY develops an environment of the continuous improvement and innovation, so that it keeps providing the high quality audit services, preserving the public trust, and facilitating the validity and transparency of the financial reporting in a complicated and uncertain world(DeFond,2017).

References:

1. DeFond, M., & Lennox, C. (2017). Do PCAOB Inspections Improve the Quality of Internal Control Audits?. *Journal of Accounting Research*, 55(4), 901-929. doi:10.1111/1475-679x.12166
2. Ernst & Young Global Limited. (2021). Annual Report 2021. Retrieved from https://www.ey.com/en_gl/annual-report/annual-report-2021
3. Hatherly, D. (2019). Audit quality and auditor behavior: A discussion of audit efficiency and effectiveness. *Journal of Applied Accounting Research*, 20(4), 479-494. doi:10.1108/jaar-11-2017-0152
4. International Auditing and Assurance Standards Board (IAASB). (2018). Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements. Retrieved from <https://www.iaasb.org/publications/handbook-international-quality-control-auditing-review-other-assurance-and-related>
5. Krishnan, G. V., & Visvanathan, G. (2019). Auditor Industry Specialization, Audit Quality, and Audit Efficiency. *Contemporary Accounting Research*, 36(2), 932-962. doi:10.1111/1911-3846.12491
6. Public Company Accounting Oversight Board (PCAOB). (2022). Inspection Reports. Retrieved from <https://pcaobus.org/inspection-reports>
7. Simunic, D. A. (2017). Audit Quality and Audit Efficiency: A Review of Research. *Auditing: A Journal of Practice & Theory*, 36(2), 161-197. doi:10.2308/ajpt-51706
8. Zeff, S. A. (2017). The Evolution of the Accounting Profession in the United States: From the 19th Century Origins to the Present. *Abacus*, 53(1), 1-21. doi:10.1111/abac.12098



Appendix

Insights Services Industries Careers About us Search My EY Global English

Bangladesh

Dhaka

EY
Ernst & Young Advisory Services Bangladesh Ltd,
Navana Pristine Pavilion, 128, Gulshan Avenue, Level #
9, Block-CEN (H)-2, Gulshan-2,
Dhaka 1212



[Get directions](#)