

Report On

Audit Procedures: Analyzing impact of COVID-19 on Rahman
Rahman Huq - KPMG Bangladesh

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By

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An internship report submitted to the Dr. Arif Hossain Mazumder in partial fulfillment of
the requirements for the degree of
Masters of Business Administration

Masters of Business Administration
Brac Business School
Brac University
May 2024

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.

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Letter of Transmittal

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Subject: Submission of Internship Report

Dear Sir,

This is my utmost pleasure to display my entry level position by providing details regarding 'Audit Procedures: Analyzing impact of COVID-19 on Rahman Rahman Huq - KPMG Bangladesh, where I have been appointed following your instruction.

I have made every effort to complete the report with the necessary information and suggested course of action in the most significant, condensed, and comprehensive manner.

I hope and trust that the report will meet the desired requirements.

Sincerely yours,

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Date: May 7, 2024

Acknowledgement

In a particulate sense, a report is a combined effort of a student's skill, effort and knowledge under the valuable guidance of her/is experienced and kind supervisors. Thus, any project can't be accomplished to the highest satisfaction without continuous guidance and also total cooperation of everyone contributing in the project. So, I am very thankful to the kind persons who have helped me immensely during my whole project period.

First and foremost, I would like to convey my sincere gratitude and gratitude to Almighty Allah for giving me the strength I needed to complete this report, as well as my esteemed faculty member Dr. Arif Hossain Mazumder for his invaluable advice and unwavering support during the preparation of this internship report.

The contribution made by every employee at the company who helped with the overall direction, encouragement, and support during the creation of the work plan, report outline, and report authoring. We might not have been able to complete this report with their invaluable contribution. Additionally, I would want to express my sincere gratitude to everyone who was involved with or contributed to this study.

Executive Summary

Internship report titled “Audit Procedures: Analyzing impact of COVID-19 on Rahman Rahman Huq (RRH) - KPMG Bangladesh” is the result of the MBA internship program's work. In this report, RRH's audit procedures are described in full.

This document is divided into three parts. The first portion of this report provides an overview of the internship. There is a clear image of KPMG a big four CA firm shown in Section two. In section three, I compiled and reviewed all of the information I've learned about auditing while attending the course of articleship program. Also, I have accumulated RRH's overall audit methods along with the findings and recommendations.

Keywords: ‘Overview’, ‘CA firm’, ‘Auditing’, ‘Articleship’, ‘Audit methods’, ‘Findings’, ‘Recommendations’

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List of Acronyms

KPMG- KPMG International Limited (or simply KPMG) is a multinational professional services network, and one of the Big Four accounting organizations. The name "KPMG" stands for "Klynveld Peat Marwick Goerdeler"

CA- Chartered Accountant

ICAB- Institute of Chartered Accountants of Bangladesh

RRH- Rahman Rahman Huq

FCA- Fellow of Chartered Accountant

ACA- Associate Chartered Accountant

ISA- International Standards of Auditing

IFRS- International Financial Reporting Standards

TCWG- Those Charges With Governance

Chapter 1

Overview of Internship

1.1 Student Information

Providing an overview of the student's background, current position, educational qualifications, career aspirations, and professional journey at KPMG Bangladesh is what student information is about.

This is Syed Ezat Shahriar Hossain. Currently, working as a Senior Audit Assistant at KPMG Bangladesh, Rahman Rahman Huq Chartered Accountant. I have finished my Bachelor of Business Administration with a major in Accounting from the Army Institute of Business Administration, Sylhet, affiliated with Bangladesh University of Professionals, Dhaka. Right now, I'm pursuing my Master of Business Administration with a major in Finance at BRAC University.

My goal is to become a specialist in accounting and finance, and that's why I've started my journey in the CA (Chartered Accountant) profession. I began this journey at KPMG on 1st March 2021, as an Article Student registered under the Institute of Chartered Accountants of Bangladesh. During my work at KPMG, I've gained valuable skills in reporting accounts and financial matters for organizations. Additionally, I've been developing my knowledge and skills in auditing to better understand financial practices within organizations.

1.2 Internship Information

Internship Information provides insights into the professional experience of the individual at Rahman Rahman Huq Chartered Accountants, a member firm of KPMG Bangladesh, highlighting their role, commencement date, and key learnings during the internship.

During my internship at Rahman Rahman Huq Chartered Accountants, a prominent member firm of KPMG Bangladesh, I have had the privilege of working as a permanent employee in the Audit and Advisory Service department. The internship provided me with an invaluable opportunity to immerse myself in the dynamic field of accounting and finance.

Rahman Rahman Huq Chartered Accountants is located at Hosaf Tower, situated at 5 & 9 Mohakhali C/A, Dhaka-1212, Bangladesh.

As a member of the Audit and Advisory Service team, my works have been concerned with various projects and tasks, contributing to the firm's commitment to excel in financial services. My academic experience have allowed me to apply theoretical knowledge I gained during my internship period.

In conclusion, my internship at Rahman Rahman Huq Chartered Accountants has been a transformative experience that enhanced my practical skills and understanding of accounting and finance. Working as a permanent employee in the Audit and Advisory Service department has provided me with invaluable insights and opportunities for professional growth.

1.2.1 Internship Company Supervisor's Information

Internship Company Supervisor's Information provides insight about the supervisor and her role of professional guidance at RRH Chartered Accountants, a member firm of KPMG Bangladesh

to the intern while conducting audits. Here I'm highlighting the role of Ms. Lata Habiba, the Assistant Manager, who has guided me throughout the journey of learning new experiences.

During my internship, I have the privilege of working under the guidance of Ms. Lata Habiba, who served as the Assistant Manager at the company. Ms. Habiba has significantly helped me in works where I needed guidance, an important role in overseeing and directing our team's activities, and also by providing valuable insights into the intricacies of our projects.

In addition to her managerial responsibilities, she has taken the time to share industry insights, career advice, and encourage professional development among the colleagues.

Overall, working under the supervision of Ms. Lata Habiba has been an enriching experience, and her role as Assistant Manager significantly contributed to the positive and productive atmosphere within the team.

Ms. Lata Habiba's mentorship has played a crucial role in shaping my understanding of professional cultures, and her guidance will undoubtedly influence my future endeavors in the industry.

1.2.2 Job Scope

The job scope at Rahman Rahman Huq Chartered Accountants offers a comprehensive overview of the responsibilities and opportunities available to interns. From learning and development initiatives to client interactions and compliance assurance, each aspect contributes to the holistic growth and professional development of interns in the field of accounting and finance.

1. Learning and Development: Actively participating in training sessions and educational programs to enhance your understanding of accounting principles, auditing standards, and financial regulations.

2. **Audit Assistance:** Collaborating with audit teams to conduct fieldwork, verify financial transactions, and gather evidence to support audit findings. Contributing to the audit process by reviewing financial statements and ensuring compliance with relevant accounting standards.
3. **Financial Reporting:** Assisting in the preparation and analysis of financial reports. Learning to interpret financial data and communicate findings effectively to internal and external stakeholders.
4. **Client Interaction:** Engaging with clients under the guidance of senior team members. Building relationships with client personnel, understanding their business processes, and gathering relevant information for audit purposes.
5. **Documentation:** Maintaining accurate and comprehensive documentation of audit procedures, workpapers, and findings. Adhering to established documentation standards and ensuring the completeness of audit records.
6. **Compliance Assurance:** Ensuring compliance with regulatory requirements and ethical standards in all aspects of audit and accounting procedures. Staying informed about changes in accounting regulations and standards.
7. **Team Collaboration:** Collaborating with colleagues within the firm, including seniors and managers, to contribute effectively to the overall success of audit engagements. Learning from experienced professionals and seeking guidance when needed.
8. **Time Management:** Effectively managing time and priorities to meet deadlines. Developing skills in planning and organizing audit tasks to ensure efficient and timely completion of assignments.

9. Professional Development: Continuously seeking opportunities for professional growth and advancement. Staying informed about industry trends, attending professional development programs, and working towards professional certifications.

10. Ethical Conduct: Upholding high ethical standards and integrity in all professional activities. Adhering to the firm's code of conduct and promoting ethical behavior within the workplace.

The job scope outlined provides interns with a structured framework for learning, growth, and contribution within the firm. Through active participation, interns can develop essential skills, build relationships, and uphold ethical standards, laying a strong foundation for their future careers in accounting and finance.

1.3 Internship Outcomes

1.3.1 Student's contribution to the company

The student's contribution to the company at Rahman Rahman Huq Chartered Accountants reflects the integral role played by Articled Students, such as myself, in ensuring the success and integrity of audit work. By actively participating in various aspects of the audit process, including learning, verification, client interaction, and record-keeping, Articled Students significantly contribute to the firm's objectives and outcomes.

As an Articled Student at KPMG Bangladesh, Rahman Rahman Huq Chartered Accountant, my role is vital to the success of our audit work. I'm always learning and improving my understanding of accounting, auditing, and financial rules, which helps me to develop myself and work as a team player and mentor for my team a big part in the audit process.

I work closely with experienced teams to do thorough checks on financial information. This involves going out into the field, verifying transactions, and collecting important evidence for our audits. Including talking directly with clients, learning about their businesses and building good relationships with them, all under the guidance of senior team members.

One important aspect of my job is keeping detailed records of the audit procedures. This helps ensure everything is done correctly and within the compliance, which makes our audit process transparent and accountable. I'm also involved in preparing and analyzing financial reports, turning complex numbers into clear stories that everyone can understand.

Teamwork is key, and I collaborate with colleagues, seniors, and managers to make sure our audits are successful. Managing my time well and meeting deadlines is crucial for the smooth execution of audit tasks, showcasing my planning and organizational skills. Above all, I adhere to high ethical standards, maintaining integrity in everything I do.

The student's contribution to Rahman Rahman Huq Chartered Accountants encompasses a multifaceted role in the audit process, ranging from learning and verification to client interaction and record-keeping. By upholding high ethical standards and collaborating effectively with experienced teams, Articled Students like me play an essential part in ensuring the accuracy, transparency, and success of audit engagements.

1.3.2 Benefits to the student

The benefits to the student at KPMG Bangladesh, Rahman Rahman Huq Chartered Accountants, extend beyond academic learning, providing valuable opportunities for practical experience, industry exposure, professional networking, understanding audit processes, and

emphasizing ethics. These benefits contribute to the holistic development and preparation of articled students for successful careers in the accounting and finance industry.

- 1. Practical Learning:** Being an Articled Student at KPMG Bangladesh helped me to learn how to work in corporate culture as a professional. It's not just about theories; I get hands-on experience, applying what I've learned in real-world situations. This helps me connect learnings between classroom knowledge and the actual work we do here.
- 2. Industry Exposure:** Working here exposes me the proper understandings of the industry and its environments. I get to see firsthand how things work in the world of accounting and finance—industry practices, financial rules, and accounting standards.
- 3. Professional Networking:** KPMG offers more than just a job; it's a gateway to building a professional network. I get to attend networking events, workshops, and connect with industry professionals. Sharing information about these opportunities benefits not only me but also other articled students, helping us expand our professional circles and fostering career growth.
- 4. Understanding Audit Processes:** My role involves being part of audit teams, engaging with clients, and meticulous documentation. By sharing insights into the audit process, I contribute valuable knowledge to fellow articled students interested in auditing or related fields.
- 5. Emphasis on Ethics:** Upholding high ethical standards is a cornerstone of my role. Sharing experiences related to ethical considerations in the professional environment is not just about following rules; it's about building a strong foundation for ethical decision-making. This emphasis on ethics prepares articled students, including myself, for the ethical challenges we may encounter in our future careers.

6. Career Growth: KPMG offers students with standard of achieving and working beyond your boundaries, with the guidance of the hierarchy. Each of the professionals got the instilled values while working here to be sincere and accountable with the given tasks and the inside evaluation also impacts the professional work life. So this gives a leap to each of the persons working in RRH, KPMG.

These benefits contribute to the holistic development and preparedness of articled students, equipping them with essential tools and experiences for successful careers in the accounting and finance industry.

1.3.3 Problems/Difficulties

The articled period at KPMG Bangladesh, Rahman Rahman Huq Chartered Accountants, presents various challenges and difficulties that articled students encounter during their professional journey. These challenges range from the complexity of tasks to meeting strict deadlines and navigating client interactions. However, through perseverance and guidance, articled students strive to overcome these obstacles and emerge stronger in their professional development.

- 1. Complexity of Tasks:** One of the most common difficulties involves the complexity of tasks assigned during the articleship. The nature of audit work and financial assessments often involves intricate details that can be initially more challenging. However, through continuous learning and guidance from experienced colleagues, I am progressively overcoming these complexities.
- 2. Meeting Strict Deadlines:** The fast-paced nature of the professional environment, coupled with the need to adhere to strict deadlines, has been a significant challenge. Balancing multiple tasks and ensuring timely completion requires effective time management skills. Learning to prioritize and organize tasks efficiently has been crucial in overcoming this challenge.

- 3. Client Interactions:** Engaging directly with clients, while essential for the audit process, posed a challenge in the beginning. Understanding diverse business processes and effectively communicating with clients required the development of strong interpersonal skills. With experience and mentorship, I am enhancing my ability to navigate client interactions more smoothly.
- 4. High Ethical Standards:** Upholding high ethical standards is a fundamental aspect of the articulated period. Negotiating ethical factors and ensuring compliance with professional ethics can be demanding. However, the emphasis on ethical conduct at KPMG has provided a vast level of framework for addressing such challenges on ethical decision-making skills.
- 5. Work-Life Balance:** Achieving a healthy work-life balance can be demanding during the articleship period. The dynamic nature of audit work, coupled with the pursuit of additional qualifications, requires careful planning. Developing effective strategies for time management and maintaining a balance between professional and personal commitments is an ongoing learning process.

Despite the challenges encountered during the articulated period at KPMG Bangladesh, Rahman Rahman Huq Chartered Accountants, articulated students remain resilient and committed to their professional growth. By acknowledging and addressing these difficulties, they develop essential skills and competencies necessary for success in the relevant industry. Through perseverance and continuous learning, students navigate challenges and emerge stronger professionals in their field.

1.3.4 Recommendations

In navigating the challenges faced during the articulated period at KPMG Bangladesh, Rahman Rahman Huq Chartered Accountants, implementing recommendations can significantly enhance the

experience and development of articled students. These recommendations aim to address key areas such as work-life balance, client interaction training, and feedback mechanisms, ultimately fostering a supportive and conducive environment for professional growth.

- 1. Flexibility and Work-Life Balance Support:** Acknowledging the demanding nature of the profession, providing flexibility in work arrangements and actively supporting work-life balance initiatives can contribute to the well-being and job satisfaction of articled students. This may include flexible working hours, wellness programs, and resources for managing stress.
- 2. Enhanced Client Interaction Training:** Given the significance of client interactions in the profession, a more robust training program focused on effective communication and relationship-building skills can be introduced. This would better prepare articled students for engaging with clients and understanding their unique business processes.
- 3. Regular Feedback Mechanisms:** Establishing a consistent and constructive feedback system can be beneficial for both articled students and the organization. Regular check-ins with supervisors, performance reviews, and feedback sessions can contribute to professional development and ensure that expectations align with progress.

By implementing these recommendations, KPMG Bangladesh can further support the growth and development of articled students, ensuring their success in navigating the challenges of the profession. Through a focus on flexibility, enhanced training, and regular feedback, articled students can thrive in their roles and contribute effectively to the organization's objectives.

Chapter 2

Organization Part

2.1 Introduction

In today's situation or environment, each student's professional or academic education is insufficient to allow him or her to stand confidently and compete to achieve their goals without experience with the professional world.

The three-month internship program I completed as part of my MBA degree helped me the chance to get adequate experience with auditing processes. The task has been to learn how a chartered accounting firm conducts an audit and to identify the variations between the auditing procedures used during and after the COVID 19 outbreak.

To effectively navigate the increasingly complex and demanding business environments found in demanding domains of the industry, we need to supplement our theoretical knowledge with practical experience. My goal is to become a chartered accountant, thus I joined Rahman Rahman Huq (KPMG in Bangladesh), a reputable chartered accounting business in Bangladesh.

This research has helped to explore and gain a practical understanding of the audit method employed by a chartered accounting firm thanks to this research. I have had the opportunity to put my theoretical understanding of auditing to use through this internship.

2.2 Overview of the Company

Rahman Rahman Huq (KPMG Bangladesh) is one of KPMG International's member companies. KPMG International is a worldwide network of independent member companies that

provides audit, tax, and consulting services to clients. KPMG International works directly with clients to help them reduce risks and seize opportunities.

Clients of member businesses include corporations, governments, public sector agencies, and non-profit organizations. They rely on KPMG for a constant level of service based on top-tier professional competencies, industry understanding, and local expertise.

KPMG International has 155 member businesses in 155 countries. They employ a total of around 174,000 individuals across a variety of fields. KPMG's principal goal is to maintain and improve the quality of its professional staff. They want our companies to be the professional employers of choice everywhere they operate. They assist with the smooth operation of international financial markets. They are in favor of measures that increase the market's legitimacy and social responsibility. They feel that comparable reforms should be implemented in the professional world as well.

2.3 Corporate Information

Establishment Year	:	1891
Official Name	:	KPMG International
Name in Bangladesh	:	Rahman Rahman Huq
Address	:	9 & 5 Mohakhali Commercial Area
Office Hours	:	9.30 AM - 6.00 PM (Sunday - Thursday)
Email	:	dhaka@kpmg.com
Telephone	:	+880 2 2222 86450-2

Fax : +880 2 2222 86449

2.3.1 Mission

To transform knowledge and understanding of information, industries, and business trends into value for clients, employees, and capital markets.

2.3.2 Vision

The goal isn't to be the largest professional services company in the world. The goal is to become the top professional services company in the world.

2.4 Management Practices

Effective management practices are essential for the smooth operation and success of any organization. At KPMG Bangladesh, the management structure is carefully designed to ensure efficient oversight and coordination of various departments and teams.

KPMG Bangladesh is currently led by five partners who oversee various departments, focusing primarily on audit and assurance. Each partner is responsible for managing specific departments such as tax services, advisory services, transfer pricing, the department of professional practices, cash incentives certification, and risk consultancies.

The firm's top leadership comprises not only the five partners but also includes four directors and seven associate directors. Each partner leads a dedicated team, consisting of directors, managers, associates, and article students. Despite this structured organization, the company encourages collaboration through cross-functional activities to efficiently complete tasks.

In KPMG Bangladesh, each partner has their own team, and within each team, there are different roles. The team structure includes a director, who provides leadership and guidance, a manager who oversees day-to-day operations, associates who work on various tasks, and article students who are in a learning and training phase. This setup ensures that the work is organized and everyone has specific responsibilities within their team. It allows for a coordinated effort to achieve the company's goals.

The management practices at KPMG Bangladesh are characterized by a structured hierarchy led by partners overseeing specific departments. This organizational structure, combined with clear role delineation and encouragement of collaboration, ensures efficient operations and goal achievement within the firm. By fostering a collaborative environment and providing clear leadership, KPMG Bangladesh effectively manages its teams and departments to deliver high-quality services to its clients.

2.5 Marketing Practices

The marketing practices of KPMG Bangladesh, Rahman Rahman Huq Chartered Accountant, focus on promoting their services and building a positive reputation. This includes highlighting their expertise in areas such as audit and assurance, tax services, advisory services, transfer pricing, and risk consultancies. The marketing efforts aim to communicate the strengths and capabilities of the firm to potential clients.

Additionally, they may engage in promotional activities to create awareness and maintain a strong presence in the competitive business environment. Through effective marketing, KPMG Bangladesh aims to attract clients and establish itself as a trusted and reliable partner in the field of chartered accountancy.

Moreover, the company holds a strong reputation in the market because it is a member firm of KPMG, a globally recognized audit firm that is part of the prestigious Big Four. This affiliation provides the company with credibility and enhances its standing in the competitive market.

Being associated with KPMG, a well-respected name in the industry, allows the company to leverage the global network and resources of the larger organization. Additionally, renowned clients seek the services of Rahman Rahman Huq to enhance the value of their financial reporting system. These clients recognize the expertise and quality of the company's audit services, choosing them to ensure the accuracy and reliability of their financial information. This further solidifies the company's position as a trusted partner in the field of auditing and chartered accountancy.

2.6 Financial Performance

KPMG has demonstrated impressive financial performance, reporting an 8 percent growth in local currency and a 5 percent increase in US dollars for the fiscal year ending September 2023. This achievement is particularly noteworthy considering the challenging market conditions.

The firm's success is attributed to its multi-disciplinary approach, leveraging world-leading expertise and integrated capabilities. In terms of specific revenue growth, the Audit sector saw a 9 percent increase, driven by a global focus on audit quality with significant investments in talent and technology. Advisory, despite a tough market, grew by 7 percent, benefiting from substantial investments in technology and strategic alliances. Tax & Legal services experienced a remarkable 10 percent growth, propelled by transformative capabilities and technologies, especially in North America.

KPMG has outlined its Collective Strategy for the next three years, planning a substantial investment of US\$4.2 billion. This investment will concentrate on priority areas such as technology, environmental, social, and governance (ESG), and talent.

2.7 Operations Management and Information System Practices

Efficient operations management and robust information system practices are integral to the success of any organization. At KPMG, these practices are meticulously implemented to ensure optimal resource allocation and streamlined processes.

KPMG employs a Practice Management System (PMS) to effectively manage operations and allocate resources. This system ensures that every resource within the firm accurately tracks their client allocations on a weekly basis by booking their allocated hours in the PMS software. At the end of each month, a comprehensive PMS report is presented to the firm's partners.

Within the PMS, each resource records details such as the allocated client's name, the ongoing engagement, and the working hours for each specific day. The system incorporates allocated rates per hour based on resource categories, with junior assistants having a lower rate, senior assistants a slightly higher rate, managers and directors with even higher rates, and partners with the highest rate. This strategic allocation of rates corresponds to the hierarchy and expertise level of each resource.

The firm ensures the allocation of adequate resources based on the size, scope, challenges, and limitations of clients. This decision-making process takes into account the hourly rates associated with each resource category. Additionally, the PMS assists in determining the audit fee for engagements, establishing a transparent and fair mechanism for both the firm and its clients.

The operations management and information system practices at KPMG exemplify a commitment to efficiency, transparency, and client satisfaction. By leveraging the Practice Management System and strategic resource allocation, KPMG ensures the optimal utilization of resources while maintaining high standards of service delivery. These practices underscore KPMG's dedication to excellence and its position as a leader in the industry.

2.8 Industry and Competitive Analysis

In the dynamic landscape of Bangladesh's Chartered Accountant industry, understanding the competitive environment is crucial for firms to thrive. This analysis delves into the industry landscape and examines the competitive positioning of Rahman Rahman Huq Chartered Accountants amidst its peers.

In Bangladesh, there are a total of 205 Chartered Accountants firms, and among them, Rahman Rahman Huq stands out as one of the most well-known. What sets this firm apart is its affiliation with KPMG, a globally recognized member of the prestigious Big Four firms. This affiliation provides Rahman Rahman Huq with a competitive advantage over other firms. Also, Rahman Rahman Huq holds the distinction of being the first member firm in Bangladesh affiliated with KPMG, giving it a unique first-mover advantage.

One key benefit of being associated with KPMG is the use of advanced and quality-oriented audit guidelines established globally. This ensures that the firm provides a high standard in conducting audits. Rahman Rahman Huq further distinguishes itself by having a team of qualified professionals, enhancing its ability to carry out audit procedures with effectiveness and efficiency.

In addition, Rahman Rahman Huq focuses on providing quality-oriented services to its clients, giving the firm a significant competitive advantage over other Chartered Accountant firms. The

combination of global affiliation, first-mover advantage, adherence to advanced audit standards, and a skilled team positions Rahman Rahman Huq as a trusted and leading player in the industry.

Rahman Rahman Huq Chartered Accountants emerges as a strong player in Bangladesh's Chartered Accountant scene, driven by its KPMG affiliation, commitment to advanced audit standards, and skilled team. These factors cement Rahman Rahman Huq's position as a trusted leader in the industry, ready for sustained growth amidst competition.

2.9 Summary and Conclusions

Rahman Rahman Huq, as a member firm of KPMG in Bangladesh, stands out in the competitive environment of Chartered Accountants firms. Being the first member firm affiliated with KPMG in the country, it enjoys a first-mover advantage. This affiliation also brings with it the advantage of utilizing globally recognized and advanced audit guidelines, ensuring high-quality services.

With a total of 205 Chartered Accountants firms in Bangladesh, Rahman Rahman Huq has earned a reputation as one of the most renowned. The firm's competitive edge is further enhanced by its team of qualified professionals who carry out audit procedures with efficiency.

In conclusion, Rahman Rahman Huq is distinguished by its global affiliation, adherence to high standards, and a skilled workforce. These factors collectively contribute to the firm's ability to provide quality-oriented services, positioning it as a trusted and leading Chartered Accountant firm in Bangladesh.

Chapter 3

Project Part

3.1 Introduction

This report takes a close look at how the COVID-19 pandemic has affected the way Rahman Rahman Huq - KPMG Bangladesh, a chartered accounting firm, conducts its audit procedures. The main goal here is to understand how things have changed in the methods of auditing, comparing how they used to do it before the pandemic and how they've adapted to the new challenges.

Audit procedures, which are big tasks involving lots of work in the field, faced a bunch of problems when the pandemic hit. Traditional ways of doing audits, where people would physically go to a client's place, were suddenly tricky due to issues like remote work, virtual meetings, and online collaboration. These changes brought in unique challenges because the usual practices relied heavily on being present at the client's location.

Rahman Rahman Huq - KPMG Bangladesh have to get creative in dealing with these challenges. This part of the report talks about how the firm changed things up to keep the audits going despite the hurdles. It's like a behind-the-scenes look at the strategies they used to make sure their audit quality remained high, even when they couldn't stick to the usual way of doing things.

3.2 Literature Review

The practice of auditing, crucial for assessing financial accuracy and reliability, has faced unprecedented challenges amidst the COVID-19 pandemic. This literature review explores various studies examining the impact of the pandemic on auditing practices, highlighting issues such as audit quality, evidence collection, and the adoption of technology in response to new working environments.

Auditing is a systematic examination of financial information, operations, or processes to provide an independent and objective assessment of the accuracy, reliability, and fairness of the information being examined. (Kaka, 2021) mentioned in his report that an audit might be conducted for the entire company, a particular department or function, or a particular stage in the production process. It is recommended that auditors exercise professional judgement and skepticism while abiding by ethical obligations and auditing standards. The pandemic's singular characteristics could result in qualified audit findings. While moving to the impacts of covid 19, (Hazaea, 2022), anticipations regarding the swift expansion and persistence of the pandemic suggest a significant likelihood of numerous enterprises declaring bankruptcy and certain initiatives failing. Furthermore, it is anticipated that the epidemic's aftermath would result in a large number of employment losses. This is more generic scenario but auditing itself has fallen into multiple issues while comparing the before and after of covid 19. (Stępień, 2020) has highlighted that before pandemic all the evidence were quite available as auditors collect those in person, but due to covid-19, and all the restriction, one of the biggest impacts is shown on failure to gather audit evidence or documents, which in very extreme situations could delay the release of the auditor's report and accuracy.

Almost every firm has reported their concern over audit quality after covid 19, new adaptations seem to be a necessity for those firm as this case of covid-19 is new and comes with lots of challenges.

(Gong, Ho, Jin, & Kanagaretnam, 2022) clearly states that in his paper, subsequent investigation shows that non-Big 4 auditors, companies with high inventories compared to assets, and R&D expenditures relative to assets were responsible for this decline in audit quality. Another part is report delaying, as most of the people were working from home, they face challenges while compiling the work in report and thus it results in delay of report.

In some different papers there were mention of using technology and how covid 19 has helped people in nature of adapting, that was not prevalent before. Another point has come to the attention, of people being able to work from both home and workplace, as they work with their own paces, some of them have higher productivity and resilience then before.

The COVID-19 pandemic has brought significant disruptions to auditing practices, with challenges ranging from evidence collection to ensuring audit quality and timely reporting (Johnsson, 2021).

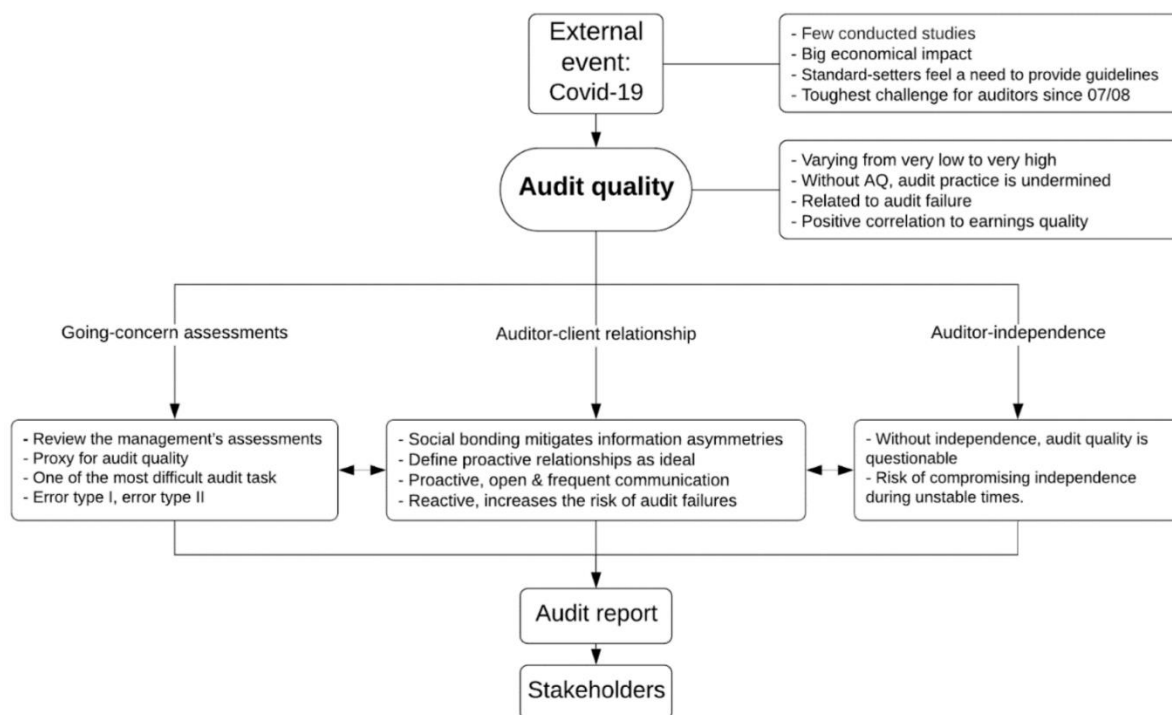


Figure 1: Model analysis

In that report (Johnsson, 2021), a conceptualization of the research phenomena and the analytical model is presented in the figure. The purpose is to investigate three potential ways that the Covid-19 epidemic may impact audit quality. Understanding how Covid-19 may impact these areas is critical because the audit report's quality should remain high, enabling stakeholders to make informed investment decisions based on the financial statements' information.

However, it has also spurred innovation and adaptation, with technology playing a crucial role in mitigating some of the challenges. Moving forward, auditors must continue to navigate these changes, embracing technology and flexible work arrangements to ensure the integrity and reliability of audit assessments.

3.3 Objective(s)

The objectives outlined aim to provide a comprehensive understanding of Rahman Rahman Huq's auditing practices, encompassing both theoretical knowledge and practical experience. Through these objectives, individuals can gain insights into the methodologies employed by the firm, the intricacies of audit work across various entities, and the process of evidence collection and analysis crucial for audit reporting.

1. To gain insight into Rahman Rahman Huq's auditing methodologies, encompassing the firm's approach to conducting audits across different sectors and industries. This objective is to provide a general understanding of the firm's extensive audit principles and strategies.
2. To acquire practical experience and understanding of Rahman Rahman Huq's audit procedures within corporations, firms, and non-profit organizations. This objective emphasizes hands-on

learning opportunities, allowing individuals to immerse themselves in real-world audit scenarios and gain firsthand experience in audit execution.

3. To understand how Rahman Rahman Huq has gathered and analyzed evidence for audit reports during the COVID-19 pandemic. This objective focuses on the critical aspect of evidence collection, highlighting the methods and techniques at the time of pandemic to ensure the accuracy and reliability of audit findings.

Overall, these objectives serve as a roadmap for seeking to enhance their proficiency in auditing and contribute effectively to Rahman Rahman Huq's audit endeavors.

3.4 Significance

3.4.1 Scope of Study

My allocation to Rahman Rahman Huq presented a valuable opportunity to delve into the organization's auditing procedures. The scope of this study encompasses various critical aspects, including the organization's history, audit methods, and administrative practices. Through this exploration, a comprehensive understanding of Rahman Rahman Huq's audit framework and approach will be elucidated.

1. Understanding the historical background and current standing of Rahman Rahman Huq within the industry landscape.
2. Examining the organization's audit methodologies employed for audit engagements.
3. Highlighting the significance and relevance of Rahman Rahman Huq's audit practices within the broader context of auditing.

4. Exploring the firm's approach to auditing, outlining the principles and strategies guiding the audit process.
5. Analyzing Rahman Rahman Huq's audit administration procedures, including the organizational structure and management practices governing audit operations.

The scope of this study has provided a comprehensive overview of Rahman Rahman Huq's auditing procedures, covering various facets such as its historical background, audit methodologies, and administrative practices. By deeper understanding of the organization's audit framework has been achieved, shedding light on its approach to executing audit engagements effectively.

3.4.2 Limitations of the Study

The study's goal is to perform a detailed examination of the external audit method. During my studies, I used a variety of resources and encountered certain challenges and boundaries. These might be referred to as the study's limitations. The following are the restrictions:

1. The time allotted for the presentation is insufficient to cover all the content.
2. Due to limited time and other constraints, the precise audit method can not be followed to some extent.
3. Since this internship has been my first working experience, learning every detail of the audit method is beyond my capacity.

3.5 Methodology

The methodology employed in this internship report involved gathering information from both primary and secondary sources to fulfill the objectives of the study. By utilizing a combination of primary and secondary data, a comprehensive understanding of Rahman Rahman Huq's auditing

practices is attained. I gathered relevant information from two sorts of sources in order to produce the specified internship report:

1. Primary sources
2. Secondary sources

3.5.1 Primary sources

1. I gathered primary data by collaborating with several audit teams.
2. Consultation with the engagement partner, the audit manager, the audit staff, and the articulated students.

3.5.2 Secondary sources

1. Secondary data has been gathered by such as an annual audit report, a management audit report and audit working papers.
2. Information is also gathered from the firm's numerous associated files.

By employing a combination of primary and secondary sources, this methodology facilitated a thorough exploration of Rahman Rahman Huq's auditing practices. The direct engagement with audit teams offered firsthand insights, while secondary sources provided additional context and depth to the study. This approach ensured a robust analysis of the firm's auditing methodologies.

3.6 Findings and Analysis

The findings and analysis section is about the auditing procedures practiced by Rahman Rahman Huq Chartered Accountants. This examination offers insights into the various stages involved in the auditing process, shedding light on the firm's approach to conducting audits.

3.6.1 Auditing Procedures in Practice

Here is a process flow of the auditing procedure which is in current practice of audit firm.

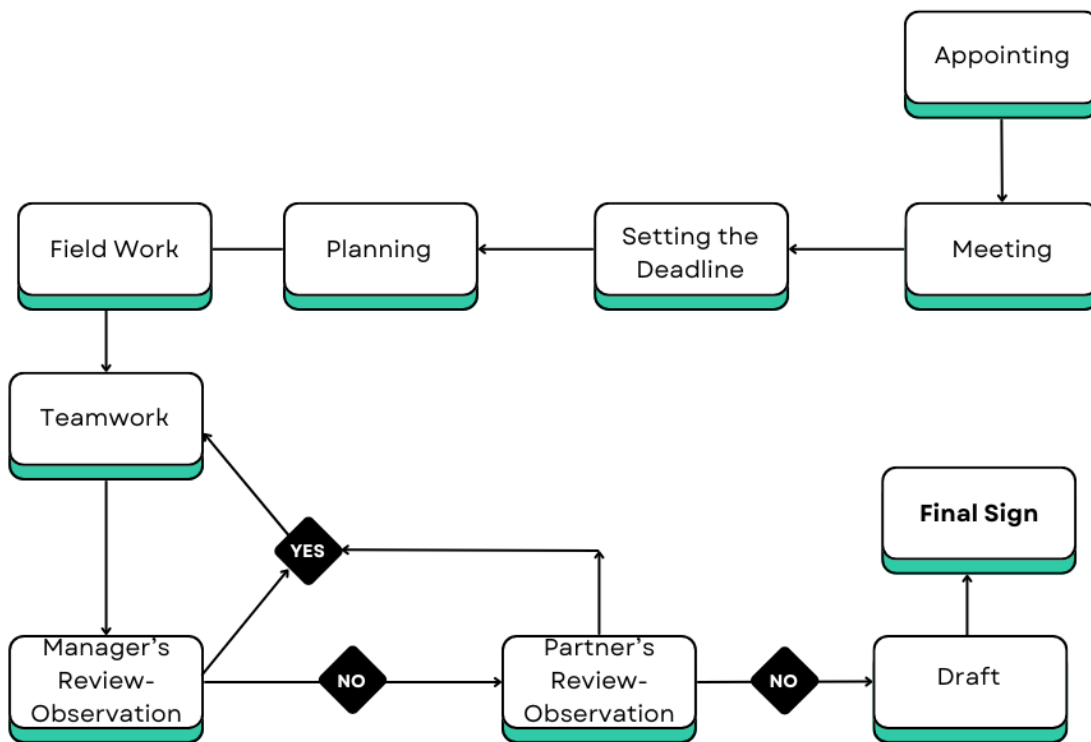


Figure 2: Audit Procedure

1. **Appointment:** To begin, the CA Firm must be chosen by a business.
2. **Client Meeting:** They organize client meetings after being appointed by a corporation.
3. **Deadline:** The government statute imposes a timeframe for finishing the auditing procedure.
4. **Preliminary Plan:** The CA Firm develops a core strategy for concluding the auditing process.

5. **Fieldwork:** Prior to beginning the auditing process, the CA Firm conducts fieldwork.
6. **Teamwork:** The CA firm assembles a team to work on the auditing process as a whole. Additionally, this team is in charge of all audit processes.
7. **Manager's Review:** The audit report is evaluated by the company's manager.
8. **Partner Review:** After the Manager has seen the audit report, the report must be evaluated by the company's partner.
9. **Draft:** The auditor creates a draft for finishing the information once it has been evaluated by both the Manager and Partner.
10. **Final Sign:** If the report has no errors, it must be signed by the auditor and appropriate authorities.

3.6.2 Observation During the Audit

1. Prior to watching the audit, the risks associated with the auditing procedure are highlighted. Internal and external hazards are also possible. Internal risks are entirely dependent on management, whereas external hazards are governed by legislation.
2. After identifying risks, the auditor makes necessary recommendations to management.
3. If management believes the risks are unquestionably there, they write a Management Letter to the auditor.

The findings and analysis reveal Rahman Rahman Huq's structured approach to auditing procedures. From appointment to final sign-off, each stage is meticulously executed to ensure accuracy and compliance. Additionally, the observation during the audit underscores the firm's commitment to risk management and proactive communication with clients. These insights offer valuable perspectives on the firm's auditing practices and its dedication to delivering quality services.

3.7 The Procedure for Appointing a CA Firm by a Business

The process of appointing a CA firm by a business involves several steps overseen by the Board of Directors. This section elucidates the sequence of actions undertaken in selecting an audit firm to conduct an audit of the company.

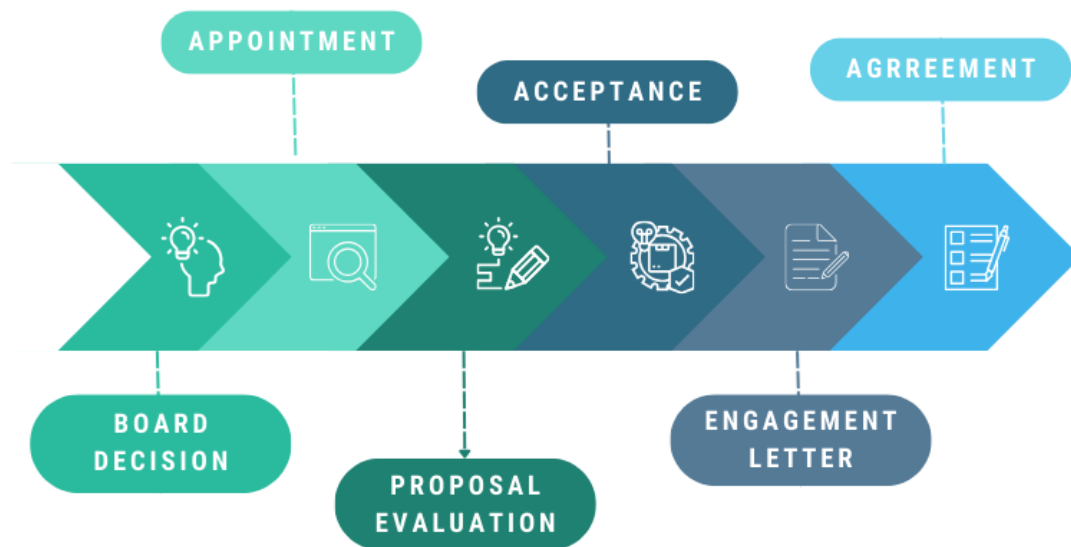


Figure 3: CA Firm Appointing Process

- 1. Board Decision:** The Board of Directors, typically responsible for this decision, initiates the process by authorizing the appointment of an audit firm.
- 2. Public Limited Company:** For Public Limited Companies, directors draft recruitment advertisements indicating the need for an audit firm. These advertisements are published to attract potential audit firms.
- 3. Private Limited Company:** In the case of Private Limited Companies, a formal request is sent to CA firms through a process known as 'Quotationing'. Interested audit firms then submit proposals outlining their suitability for the engagement, including details on resources, reputation, capacity, and audit fees.

- 4. Proposal Evaluation:** The Board evaluates the proposals received, considering factors such as resources, reputation, production capacity, and audit fees. Based on these criteria, they select the most suitable audit firm.
- 5. Acceptance Letter:** Upon satisfaction with a particular audit firm, the Board issues an Acceptance Letter formally approving their appointment.
- 6. Engagement Letter:** Following acceptance, the chosen audit firm issues an Engagement Letter to the business, outlining the terms and conditions of the engagement.
- 7. Discussion and Agreement:** All involved parties convene to discuss specifics, including budget, timelines, and any unique requirements such as audit or management reports.

The procedure for appointing a CA firm by a business involves a systematic approach guided by the Board of Directors. From soliciting proposals to issuing engagement letters, each step is crucial in ensuring the selection of a competent audit firm capable of meeting the company's audit needs.

3.7.1 Test Check

Test checks play a crucial role in the auditing process, allowing auditors to gather adequate and acceptable audit evidence. However, it's important to note that auditors cannot verify 100% of accounts due to the sheer volume of data. Instead, they employ sampling techniques to select a representative sample for examination.

- 1. Sampling Method:** Auditors utilize sampling methods to select a subset of data from a larger population for examination. This sample is chosen in a manner that ensures it is both adequate and acceptable for drawing conclusions about the entire population.

- 2. Limitations:** Despite rigorous sampling techniques, auditors acknowledge that there is no absolute guarantee of correctness for all data. Variability and inherent limitations within the population mean that errors or discrepancies may exist beyond the sampled data.
- 3. Auditor's Opinion:** Upon completion of their examination, auditors form an opinion based on the findings from their sample. If the results indicate that the majority of the sampled data is accurate and reliable, auditors may express their opinion that the auditing process has been conducted truthfully and fairly.

Test checks serve as a valuable tool for auditors to gather evidence and form opinions about the accuracy and fairness of financial information. While they cannot verify every account, sampling techniques that enable auditors to draw meaningful conclusions and provide informed opinions on the overall integrity of the auditing process. In terms of test checks, auditors collect adequate and acceptable audit evidences. They are unable to verify 100% of accounts. That is why they pick a sample of data from a huge set. They assert that there is no absolute guarantee that all data is correct. After studying the accounts, if the auditor determines that the situation is favorable, they state, "In their opinion, the auditing procedure is trustworthy and equitable."

3.7.2 Checking Accounts Procedure

The checking accounts procedure is a critical aspect of the auditing process, where auditors examine various features of the company's financial records to ensure accuracy and compliance. This procedure is not determined by the size or volume of the business but is instead tailored to the specific circumstances.

- 1. Framework Preference:** The CA Firm typically favors the International Financial Reporting Standards (IFRS) framework for accounting practices, ensuring consistency and comparability in financial reporting.
- 2. Checklist Provision:** Upon initiating the checking accounts procedure, the business receives a comprehensive checklist outlining the key areas to be examined during the audit process.
- 3. Reference to Financial Statements:** To aid in the verification process, the company may utilize KPMG's Illustrative Financial Statements, providing a standardized reference point for assessing financial data.
- 4. Diary Maintenance:** As part of their routine activities, the company maintains a diary to record relevant information and observations during spare time, facilitating organized documentation of audit procedures.
- 5. Verification Process:** During the checking accounts procedure, the business meticulously verifies various aspects, including addition and subtraction calculations, as well as details such as font name, size, and alignment to ensure accuracy and consistency.
- 6. Consultation with Management:** Throughout the procedure, the business engages in discussions with management to address any queries or concerns and obtain clarification on financial matters.

The checking accounts procedure forms an integral part of the auditing process, encompassing various steps aimed at ensuring the accuracy, reliability, and compliance of the company's financial records. By adhering to established frameworks, utilizing checklists, and maintaining meticulous verification practices, the business can uphold standards of financial transparency and accountability.

3.7.3 Areas of Auditing

Auditing encompasses various specialized areas aimed at ensuring the accuracy, reliability, and integrity of financial information. Each area serves a distinct purpose within the broader scope of assurance services provided by the CA Firm.

- 1. Assurance Services:** The CA Firm offers assurance services primarily in the area of auditing, providing independent and objective evaluations of financial statements to enhance stakeholders' confidence in the information presented.
- 2. Statutory Audits:** Statutory audits are legally mandated examinations of financial records conducted to ensure compliance with regulatory requirements and reporting standards prescribed by law. These audits are essential for maintaining transparency and accountability in corporate governance.
- 3. Forensic Auditing:** Forensic auditing involves the systematic examination of financial records and transactions to uncover evidence of fraud, embezzlement, or other financial misconduct. It is often employed in cases requiring investigative expertise to detect and prevent fraudulent activities within an organization or group.
- 4. Process Audits:** Process audits focus on evaluating the efficiency, effectiveness, and adherence to established procedures within specific operational processes or workflows. These audits help identify areas for improvement and optimization to enhance overall organizational performance.
- 5. Internal Auditing:** Internal auditing is conducted by the company's internal audit function to assess and evaluate internal controls, risk management practices, and compliance with organizational policies and procedures. It serves as a proactive measure to identify and mitigate operational risks and ensure the integrity of internal processes.

The diverse areas of auditing, including statutory audits, forensic auditing, process audits, and internal auditing, collectively contribute to the overarching goal of maintaining financial integrity and accountability. By leveraging specialized expertise and methodologies tailored to each area, the CA Firm enhances its ability to provide comprehensive assurance services and meet the evolving needs of its clients and stakeholders.

3.7.4 The distinction between a public and a private company's audit is as follows

Understanding the differences in audit procedures between public and private limited companies is essential for auditors to tailor their approach according to the unique characteristics and requirements of each type of entity.

A company is an artificial entity created when two or more individuals join to form a business under the provisions of the Company Act 1994. There is no distinction between a public limited corporation and a private limited firm. However, the distinction is that a public limited company is a listed corporation, while a private limited company is listed but not governed by the government. While public limited companies are governed by the government, private limited companies are governed by their board of directors.

3.7.4.1 Audit of a Public Limited Company

There are several entities in Public Limited Company. Public limited company auditors mostly follow standard procedures while auditing. Their first concern is the public interest, that is why they design a report in such a manner that it is beneficial to shareholders. For this purpose, the auditor drafts the report in such a manner that it reflects a genuine and fair perspective of the company. They supply full information to shareholders via auditing, which assists shareholders in planning future

investments in the business. It is the auditors' job because they are aware that if they make a significant error, a large number of shareholders may suffer as a result.

3.7.4.2 Audit of a Private Limited Company

In a public limited company, the auditor's primary emphasis is on the board of directors' interests; the auditor attempts to meet director requirements such as sales-related issues, marketing-related issues, profit calculation accuracy, and any other special interest. Private Ltd does not have a time limit. Private auditing firms are slow to respond.

The distinction between audit procedures for public and private limited companies reflects the unique regulatory environments and stakeholder dynamics associated with each type of entity. By understanding these differences, auditors can tailor their audit approaches to effectively meet the needs and expectations of their clients while upholding professional standards, ethics and regulatory requirements.

3.7.5 Process of Staff Selection

The staff selection process in audit engagements plays a crucial role in ensuring the effectiveness and efficiency of the audit team. This process involves identifying qualified professionals and assembling a team with the requisite skills and expertise to conduct the audit effectively.

Staff selection will be based on qualifications for each audit; there will be an FCA (Fellow of Chartered Accountant). He will be assisted by an ACA (Associate Chartered Accountant) who will deal with the customer. Under him, a Senior Supervisor will oversee the senior auditor, and certain senior auditors (1st and 2nd part complete with one and a half years' experience) would report to him.

Prior to beginning the audit, the auditor determines the entity's and department's volume, then determines the number of members required for the audit and writes a letter to management requesting authorisation.

The following are the components of the audit agreement paper:

1. Letter of Engagement (Contract Paper)
2. Introduction
3. Scope
4. Auditor's Responsibilities
5. Client's Responsibilities
6. Requirement for Reporting
7. Timeline
8. Fees
9. General Terms and Conditions

The process of staff selection in audit engagements is critical for assembling a skilled and qualified team capable of conducting thorough and effective audits. By adhering to a structured approach and clearly defining roles and responsibilities, audit teams can ensure the successful execution of audit engagements while maintaining professional standards and client expectations.

3.7.6 Feasibility of Conducting Audits in Compliance with Regulations

The auditor performs the auditing process in accordance with the established procedures. The audit is conducted on the basis of a sample size. If the majority of the results from all areas of the

audit are favorable, the auditor might conclude that the company's status is favorable. However, if a business has a high volume of transactions, using sample approaches always introduces the possibility of error. As a result, no one can guarantee that an audit report is 100 percent correct. There will always be some chasm or severance. The auditor's part can never be completely full. Finally, we can state unequivocally that it is feasible to perform an audit in accordance with the guidelines.

3.8 Conduct Audit Testing

When it comes to auditing, conducting tests is a critical step to ensure accuracy and reliability in financial reporting. The audit team employs two main types of tests to achieve this:

1. Tests of Controls, and
2. Substantive Tests.

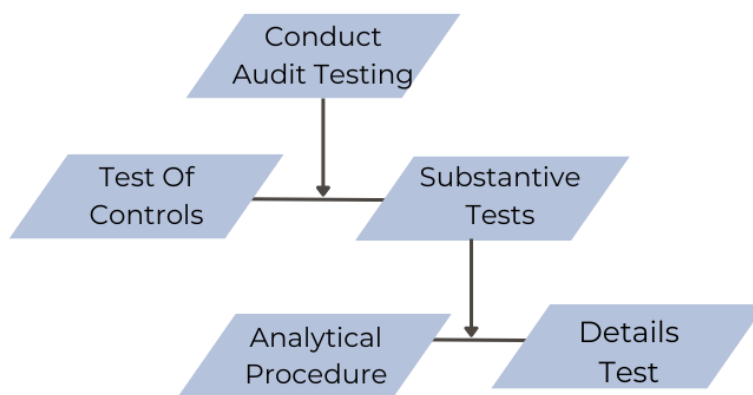


Figure 4: Conducting of types of Audit testing processing

3.8.1 Test of Controls

Before diving into substantive testing, auditors conduct Tests of Controls to evaluate the effectiveness of internal controls. These tests are essential for minimizing the risk of financial statement misstatements and ensuring the overall integrity of the audit process.

We determine whether to conduct control tests based on the assessment of the internal control system. The audit team should assess any internal controls relied upon to minimize the possibility of financial statement misstatements once the reduced substantive test has been determined. To ensure the audit's efficacy and efficiency, we perform Tests of Control in at least the following three primary accounting categories, which covers the majority of account level tests for every client.

Tests of Controls play a crucial role in the audit process by assessing the effectiveness of internal controls in preventing financial statement misstatements. By conducting these tests, auditors can ensure the reliability and integrity of the audit findings, contributing to greater confidence in the accuracy of financial reporting.

3.8.2 Substantive Tests

Substantive tests are essential procedures used to assess whether financial statement balances are accurately presented. These tests help auditors determine if there are any material misstatements in the financial statements. We conduct two sorts of substantive tests:

1. Analytical procedures
2. Detail Tests

3.8.2.1 Analytical Procedures

"Analytical processes" include the analysis of pertinent ratios and trends and the subsequent examination of relationships and fluctuations that deviate from expected values or are inconsistent with other relevant data. By analyzing actual and expected links between financial and non-financial aspects, such as rent, utilities, and earnings, analytical procedures are used to verify financial data. To conduct a thorough examination of the balances and to provide a final assessment of the year-end

financial statements, analytical techniques may be used. During the planning and overall review phases of the audit, the auditor should use analytical approaches. In later phases, analytical techniques could also be used. Analytical processes entail contrasting the financial information of the firm with, say:

1. Comparable data from past periods.
2. The entity's expected results, such as budgets or predictions, or the auditor's expectations, such as an estimate of depreciation.
3. Comparable industry statistics, such as a comparison of the entity's sales-to-accounts receivable ratio to industry standards or to similar-sized enterprises in the same industry.
4. Analytical procedures also take relationships into account:
5. Among financial data items that should follow a predictable pattern based on an entity's experience, such as gross margin percentages.
6. Between financial data and essential non-financial data, such as payroll expenditures and employee numbers.

We generally utilize analytical procedures at or around the conclusion of the audit to assess whether the financial statements in their entirety are consistent with the auditor's knowledge of the firm. When analytical procedures reveal considerable variances or relationships that are inconsistent with other important data or vary dramatically from anticipated values, we investigate and gather acceptable explanations and confirming evidence.

3.8.2.2 Detail Tests

Detail tests involve a thorough examination of specific transactions, account balances, or disclosures to gather detailed evidence about their accuracy and completeness. These tests encompass various procedures aimed at obtaining substantive assurance regarding the financial statement items.

Comprehensive detail examinations may include the following procedures:

1. Confirmation from third parties- Bank, accounts payable, and accounts receivable
2. Asset observation - Inventory count, financial analysis, cash count, and payroll check distribution.
3. Conciliation tests- Bank reconciliation, inter-company reconciliation
4. Account analysis
5. Vouching
6. Tests for exceptions
7. Cut-off examinations
8. Make inquiries
9. Valuation examinations
10. FS reading
11. Minutes of the meeting of stockholders, directors, and committee are read

3.9 Confirmations

In order to get sufficient audit evidence to support certain financial statement statements, the audit team should determine whether or not external confirmations are necessary. Materiality, the extent to which new planned audit procedures will reduce audit risk to an acceptable level for the

relevant monetary statement statements are all taken into consideration when making this determination. Writing evidence is more trustworthy than oral testimony in certain cases, and external audit evidence is more trustworthy than internal audit evidence. It is thus possible to minimize the audit risk associated with the relevant statements to an acceptable level by relying on audit evidence in the form of written replies to confirmation requests directly from third parties unconnected to the company being audited.

3.10 Analyze and Disseminate Audit Results

Upon completion of the audit process, the audit team prepares and communicates the findings to the company's management and stakeholders. The audit results are typically disseminated through two main types of reports:

1. External Report, often referred to as the "Auditor's report"
2. Internal Report, sometimes referred to as a "Management Letter."

When analyzing and disseminating audit results, auditors typically focus on three key areas:

- I. The unqualified audit reports
- II. The qualified audit reports
- III. The management letter (alternatively referred to as a letter of weakness or a letter of observation).

By thoroughly analyzing and disseminating audit results through external and internal reports, auditors play a crucial role in providing stakeholders with transparency, accountability, and insights into the financial health and operational effectiveness of the company.

3.10.1 External Report/ Auditor's Report

The auditor's report is referred as an impartial assessment of the fairness and correctness of the business's financial statements is given in this report. The purpose of the external report is to reassure the company's shareholders and other external stakeholders about the accuracy of the financial data included in the statements.

3.10.1.1 The Fundamental Elements

The auditor's report serves as a critical component of financial reporting, providing stakeholders with assurance regarding the accuracy and reliability of a company's financial statements. This report encompasses several fundamental elements that are essential for conveying the auditor's opinion and responsibilities. Understanding these elements is crucial for stakeholders in evaluating the credibility of financial information.

The auditor's report typically contains the following fundamental element:

- 1. Title:** The title of the auditor's report typically identifies it as an "Independent Auditor's Report" or a similar designation, highlighting the independence and objectivity of the auditor.
- 2. Recipient:** This section specifies the intended recipient of the auditor's report, usually the shareholders of the company or other stakeholders relying on the financial statements.
- 3. Introductory Paragraph:** The opening paragraph of the auditor's report serves to introduce the financial statements that have been audited and delineate the respective responsibilities of the entity's management and the auditor. It establishes the context for the subsequent sections of the report.
- 4. Identifying the Financial Statements:** This identifies the particular financial statements—such as the cash flow statement, income statement, and balance sheet—that are auditable statement.

- 5. Responsibilities and Accountability:** This portion outlines the responsibilities of the entity's management for preparing the financial statements and the auditor's responsibility to express an opinion on their fairness and compliance with relevant accounting standards.
- 6. Paragraph Defining the Scope:** The scope paragraph describes the nature and extent of the audit, including references to applicable auditing standards (e.g., Generally Accepted Auditing Standards or GAAS) and an overview of the auditor's procedures and responsibilities.
- 7. Allusion to Auditing Standards:** This report may make reference to the auditing standards or framework used to conduct the audit, providing transparency regarding the methodology employed.
- 8. Description of Auditor's Job:** This section elaborates on the auditor's role in examining the company's internal controls, assessing the risk of material misstatement, and gathering sufficient appropriate audit evidence.
- 9. Paragraph Expressing an Opinion:** The opinion paragraph represents the auditor's conclusion on the fairness of the financial statements and is a pivotal element of the report.
- 10. Reference to Financial Reporting Framework:** The auditor's report specifies the framework or standards utilized in the preparation of the financial statements, ensuring alignment with recognized accounting principles.
- 11. Declaration of Opinion:** The auditor expresses their view on whether the financial statements present a true and fair view of the company's financial position, results of operations, and cash flows.
- 12. Date of Publication:** The auditor's report includes the date when the report was issued, providing stakeholders with information on the timing of the audit and the relevance of the findings.

13. Auditor's Mailing Address: This section provides contact information for the auditor, facilitating communication and inquiries from stakeholders regarding the audit process and findings.

14. Signature of the Auditor: The auditor's report concludes with the signature of the auditor or auditing firm, signifying their endorsement of the report's contents and findings.

In summary, the auditor's report comprises essential elements that convey the auditor's opinion on the fairness and reliability of a company's financial statements. These elements, including the title, recipient, introductory paragraph, scope definition, opinion expression, date of publication, auditor's address, and signature, collectively contribute to the transparency and credibility of financial reporting. Understanding these fundamental components is vital for stakeholders in evaluating the integrity of financial information and making informed decisions.

3.10.1.2 Modified Reports

A modified audit report indicates that the auditor has concluded that the financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework. This type of report provides stakeholders with assurance that the financial statements are free from material misstatements and are compliant with accounting standards.

Along with unqualified and qualified audit reports, we sometimes give amended audit reports. The following circumstances constitute a modification of an auditor's report:

1. Matters That Do Not Affect the Auditor's Opinion: An auditor's report may be changed in certain instances by adding an emphasis of matter paragraph to emphasize:

- I.** A substantial issue relating to a going concern issue.
- II.** A substantial degree of uncertainty (other than a going concern issue)

The auditor's perspective is unaffected by the addition of a paragraph emphasizing the issue. The paragraph, which usually comes after the opinion paragraph, states that the auditor's assessment is unqualified in this particular area. Generally, the auditor's reporting requirements on such matters can be satisfied by including a paragraph that highlights a going concern issue or a significant uncertainty. But in extraordinary cases, including when there are multiple uncertainties that are significant to the financial statements, the auditor can think about publishing a disclaimer of opinion instead of including an emphasis of matter paragraph.

2. Matters That Do Affect the Auditor’s Opinion:

- I.** Qualified opinion,
- II.** Disclaimer of opinion, or
- III.** Adverse opinion.

- Generally, the conditions that give birth to a qualified view fall into one of two categories:
 - a.** When an auditor is unable to make an opinion on an issue due to an element of doubt (uncertainty); or
 - b.** If the auditor is allowed to provide an opinion on a topic but it contradicts the financial statements' perspective (disagreement).

- Here are some examples of how to apply qualifications in various situations:

Nature of circumstances	Material	So Material, Fundamental
Uncertainty Disagreement	'Except for' opinion	Disclaimer of opinion

		Adverse opinion
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- "Except for" opinions are issued when an auditor gives an unfavorable assessment or disclaims a position on a particular subject that is not deemed essential.
- A disclaimer of opinion from the auditor states that he cannot comment on whether or not the financial statements provide a true and fair picture of the company.
- A critical opinion from the auditor points out that the financial accounts do not present an honest and fair picture.

3.10.1.3 Auditing Obstacles

Auditing, while essential for ensuring the accuracy and reliability of financial information, often faces various obstacles that can hinder the process. Understanding these challenges is crucial for auditors and stakeholders alike in navigating the complexities of financial reporting.

1. **Fees are minimal:** Local costs are cheap, however foreign fees are substantial.
2. **Timeframe:** The auditor is required to submit the report on time.
3. **Law Enforcement Issue:** Law enforcement concerns are becoming more stringent on a daily basis, while time and expenses remain constant.
4. **Conflict between ICAB and ICMAB:** Recently, a conflict arose between the ICAB and ICMAB over their auditing and taxing efforts.

3.10.2 Internal Report/ Management letter

The management letter, alternatively known as a letter of weakness or observation, contains recommendations and suggestions for improving internal controls, operational efficiency, or other areas identified during the audit. This letter aims to assist management in addressing any weaknesses or deficiencies identified during the audit process and enhancing overall organizational performance.

RRH provides a Management Letter to its audit clients as an additional value service. The letter of management's primary aim is to attract management's attention to areas of weakness that need correction. Additionally, the auditor may identify opportunities for cost savings or efficiency improvements. Of course, this letter is not a replacement for a qualification in the audit report. Typically, it will deal with issues that are not substantial enough to warrant an audit qualification.

The Management Letter's Purposes:

1. The primary aim of a report to management is for the auditor to provide his or her observations on the accounting records, systems, and controls inspected during the audit. Significant areas of system and control weakness that might result in material mistakes should be noted and brought to the attention of management.
2. As a secondary objective, a letter to management may be used to provide constructive recommendations to management. For instance, the auditor may be able to propose areas where cost savings may be realized or where resources might be utilized more effectively.
3. A letter to management is also an effective method of reporting issues that came to the auditor's notice during the audit and might affect future audits.

3.10.2.1 Content

Communication between auditors and management is essential for addressing deficiencies and improving the effectiveness of internal controls and accounting systems. A letter to management serves as a formal means of conveying audit findings and recommendations, facilitating constructive dialogue between auditors and organizational leadership.

Generally, a letter to management will contain the following items originating from the audit:

1. Flaws in the accounting systems' and internal controls' structure;
2. Inadequacy of accounting systems and internal controls;
3. Erroneous accounting policies and procedures;
4. Noncompliance with accounting standards or statutory requirements.

A letter to management serves as a vital tool for communicating audit findings and recommendations aimed at enhancing the integrity and reliability of financial reporting processes. By addressing flaws in accounting systems, internal controls, policies, and compliance issues, organizations can strengthen their governance structures and maintain trust with stakeholders. Effective collaboration between auditors and management is essential for implementing remedial actions and fostering a culture of transparency and accountability within the organization.

3.10.2.2 Response of the management

Understanding how management responds to audit findings is crucial for assessing the effectiveness of the auditing process. This section delves into the management's response to the auditor's letter, shedding light on their approach to addressing identified issues and ensuring financial integrity.

The auditor should inquire about the company's intentions to respond to the management letter's criticisms, as well as how the company intends to do so. Any mention of an acknowledgement of receipt or, if appropriate, a record of the board's deliberations on the auditor's letter should be made explicit in the report.

The management's response to audit findings plays a pivotal role in enhancing financial transparency and governance within an organization. By promptly acknowledging and addressing the concerns raised in the auditor's letter, management demonstrates a commitment to accountability and continuous improvement. Effective communication between auditors and management fosters a collaborative environment conducive to maintaining trust and upholding standards of financial reporting.

3.10.2.3 The Fundamental Elements of a Management Letter

The management letter serves as a vital communication tool in the auditing process, facilitating the exchange of critical findings and recommendations between auditors and management. This document outlines key components essential for effective communication and collaboration between the auditing team and organizational leadership. The management letter should include the following fundamental components, which are often formatted as follows:

1. Recipient
2. Letter of Transmittal
3. The title;
4. Background
5. Work Scope, e.g.

- I. Compliance
- II. Authorization
- III. Accuracy
- IV. Monitoring
- V. Safeguarding

6. Findings: Each finding is divided into four distinct components, as follows:

- I. Fact (What it is)
- II. Effect (What harm has caused by not complying with the criteria)
- III. Recommendation (That corrects the cause and the condition as applicable)
- IV. Response of the Management

7. The report's date of publication

8. The auditor's mailing address; and

9. Signature of the auditor.

The comprehensive structure of the management letter ensures that audit findings are clearly communicated to management, facilitating informed decision-making and corrective actions. By addressing each component effectively, auditors and management can collaborate to strengthen internal controls, mitigate risks, and enhance organizational performance and transparency.

3.11 COVID-19 Challenges on Auditing

The COVID-19 pandemic has introduced unprecedented challenges to the auditing process, impacting various aspects of audit procedures and reporting. From ensuring the availability of reliable

data to navigating travel restrictions, auditors face unique obstacles that require adaptation and resilience. This section delves into the multifaceted challenges encountered by auditors amid the pandemic and explores strategies for addressing them effectively.

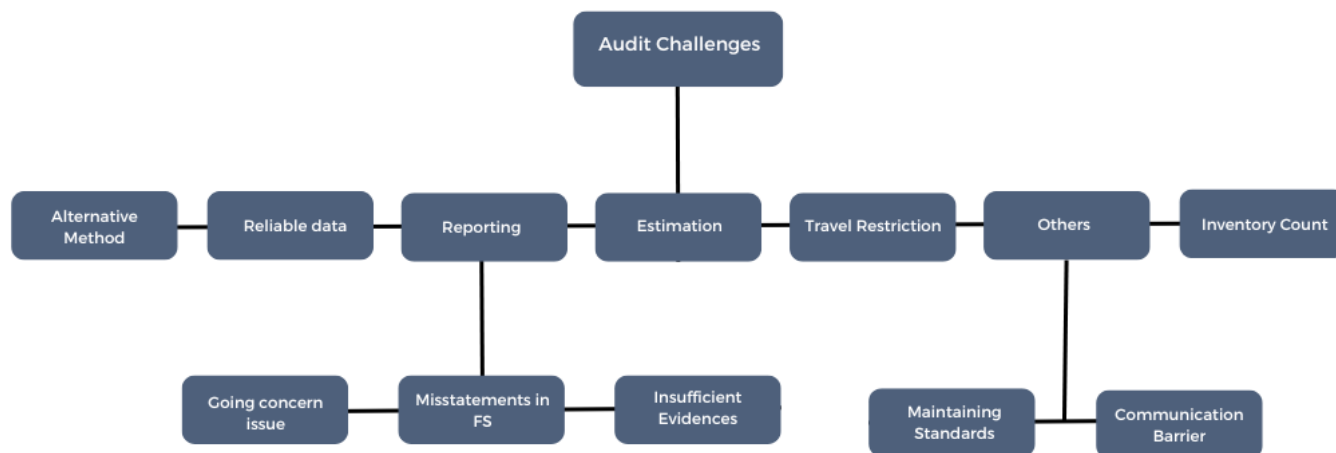


Figure 5: Challenges in Audit for Covid 19

3.11.1 Availability of reliable data and information

Navigating the challenges posed by the COVID-19 pandemic, auditors face significant hurdles in ensuring the reliability and accuracy of financial information. Among these challenges is the availability of reliable data and information, which is crucial for conducting thorough audits. In this section, we delve into the complexities associated with obtaining and assessing data amidst the rapidly changing environment brought about by the pandemic.

1. Due to the quickly changing environment, it is sometimes difficult to evaluate and analyze the rationality of information and data utilized by management.
2. It is still necessary for an auditor to evaluate the financial statements' accounting assumptions, including fair value, based on audit evidence in accordance with ISA 540. Auditor should also

check for signs of possible management bias in the financial statements' disclosure of estimate uncertainty.

3. Because of this, the audit must follow all relevant auditing standards to ensure that all essential management estimates and judgments are fair, as well as to secure management representation in line with ISA 580.
4. Auditor cannot decide on reasonableness of management's significant estimates and judgment, but they should confer with TCWG and try to resolve conflicts by developing a 'Point Estimate or Range,' as required by ISA 54. But if the disagreement continues and no other option is available, the auditor may consider changing the audit report in line with ISA 705 to resolve the issue.

The COVID-19 pandemic has highlighted the importance of reliable data and information in the auditing process. Despite the challenges posed by the rapidly changing environment, auditors must remain steadfast in their commitment to upholding auditing standards and ensuring the fairness and accuracy of financial statements. By engaging with stakeholders and adhering to established guidelines, auditors can navigate these challenges and fulfill their responsibilities effectively in these unprecedented times.

3.11.2 Difficulties associated with auditing estimations

Auditing estimations has become increasingly challenging in the wake of the COVID-19 pandemic. The uncertainties brought about by unprecedented circumstances have posed significant hurdles for auditors in evaluating and assessing accounting estimates. In this section, we explore the difficulties associated with auditing estimations amidst the evolving landscape of the pandemic.

1. Due to the conditions surrounding accounting estimates, past quarters' attention may be minimal.

2. Inputs and assumptions may be insufficient in light of the present context and conditions. The past is unlikely to be indicative of the current or future situation. When constructing estimates, assumptions about the length of lockdown measures are essential and unpredictable inputs (e.g., impairment testing)
3. Regulatory circumstances (government directive to freeze/waive interest) may influence accounting estimations.
4. Whether the entity's data is relevant and credible. Management may argue that the uncertainty is so severe that a reliable fair market value or value in use cannot be determined.
5. How the specific entity in each jurisdiction is impacted since the effects are not uniform.
6. Whether the valuation experts utilized in their reports include cautions considering the present environment's uncertainty, and the effect of these caveats on the sufficiency of audit evidence.

Auditing estimations during the COVID-19 pandemic presents a multitude of challenges for auditors. From navigating regulatory uncertainties to assessing the relevance and credibility of entity data, auditors must remain vigilant in upholding auditing standards and ensuring the accuracy and reliability of financial information. By addressing these difficulties with diligence and thoroughness, auditors can fulfill their responsibilities effectively despite the complexities posed by the current environment.

3.11.3 Restriction on travel and mobility

The COVID-19 pandemic has imposed significant restrictions on travel and mobility, presenting auditors with practical obstacles in conducting audits. In this section, we delve into the challenges posed by these restrictions and explore the implications for audit processes.

1. Auditors have practical obstacles as a result of limits on travel, meetings, and access to client sites in conducting audits. Clients have implemented a 'work-from-home' policy, cutting direct contact between administration and auditor significantly.
2. Regardless of practical difficulties and underlying circumstances, the provision of high- quality audit cannot be jeopardized. Rather than that, public expectation of excellent quality has grown.
3. As a result, audits should remain to be prepared and conducted in accordance with International Auditing Standards (ISA). Additional time and other audit techniques may be necessary to allow auditors to conduct audits.
4. The auditor should convey quickly to management and 'Those Charged With Governance (TCWG)' any logistical difficulties encountered during the audit, as well as any extra help required from the client. Alternative audit processes should be considered in order to collect adequate and suitable audit evidence. If necessary, TCWG should be notified of potential modifications.
5. If an auditor is performing an audit of consolidated FSs, due to COVID 19-related issues, audit procedures on component financial statements, including reviewing work performed by the component financial statement auditor, may not be performed in accordance with ISA 600. Alternatively, the auditor may be unable to get immediate and direct verification from banks, debtors, attorneys, or suppliers, and substitute audit processes may need to be developed in accordance with ISA 505.
6. If the auditor is unable to execute other audit processes owing to COVID 19 constraints and conclude successfully using alternate audit techniques, the audit report may have to be changed in accordance with ISA 705.

Navigating restrictions on travel and mobility during the COVID-19 pandemic presents auditors with unprecedented challenges. By adhering to auditing standards, communicating effectively with stakeholders, and exploring alternative audit approaches, auditors can adapt to the current environment while upholding the integrity and quality of audits.

3.11.4 Due to a travel limitation, unable to conduct Stock or Inventory Count

Travel limitations imposed during the COVID-19 pandemic have presented challenges for auditors in conducting stock or inventory counts, especially when inventory is significant to the financial statements (FSs). In this context, auditors must explore alternative methods to gather adequate audit evidence on the presence and condition of inventory. If inventory is significant to the FSs, the auditor is expected to gather adequate acceptable audit evidence on the presence and condition of inventory by physically counting it, unless this is impractical. Inventory considerations in the present context include the following:

1. Whether physical stock counts may be completed on a different date if they are unable to be conducted at year end, with audit processes performed during the interim time.
2. Utilizing technology that enables the client to conduct a physical count of inventory but prevents auditors from attending, such as live webcam feeds or web- or smartphone video conferencing to view the inventory count.
3. Alternative audit procedures, such as inspecting documentation of subsequent sales of inventory items procured or bought even before the physical stock counting, testing inventory roll forwards, and obtaining assurance that the stock location was inaccessible for an extended period of time, are used when physical stock counting is impossible.

Despite travel limitations, auditors must employ innovative approaches to gather sufficient audit evidence on inventory. By leveraging technology and alternative audit procedures, auditors can ensure the integrity and reliability of inventory-related information in the financial statements, even in challenging circumstances imposed by the COVID-19 pandemic.

3.11.5 Alternative techniques of obtaining and documenting evidence

Amidst the challenges posed by the COVID-19 pandemic, auditors are adapting to alternative techniques for obtaining and documenting evidence to ensure audit quality and compliance with auditing standards. These alternative methods enable auditors to fulfill their responsibilities while navigating restrictions on physical interactions and travel.

According to ISA 230, Audit Documentation, the auditor is expected to create documentation that includes an adequate and suitable record of the audit's foundation and proof that the audit has been planned and conducted in conformity with the ISAs and relevant legal and regulatory requirements. Documenting professional judgements and the application of professional judgment, as well as talks with management and the TCWG about the effect of Covid-19, is crucial in the present setting. Several methods for obtaining audit evidence include the following:

1. Client uploading files with access granted to the annual audit team.
2. Video conference and/or screen sharing for the purpose of reviewing the client's system, as well as the usage of remote access.
3. Management is presented with a detailed memorandum or questionnaire, which is substantiated by talks.
4. Information is sent immediately to the auditor from different business units so that they may conduct their own processes on the financial data.

5. If the auditor is unable to gather sufficient acceptable evidence to say, the auditor must examine the implications on the auditor's report of the scope constraint.

In response to the COVID-19 pandemic, auditors are leveraging alternative techniques for obtaining and documenting evidence to maintain audit quality and integrity. By embracing technology-enabled solutions and fostering collaboration with clients, auditors can effectively fulfill their obligations while adapting to evolving circumstances. These alternative methods ensure that audits remain robust and compliant with auditing standards, even amidst unprecedented challenges posed by the pandemic.

3.11.6 Consideration for reporting

In light of the COVID-19 pandemic's profound impact on businesses worldwide, auditors face unique challenges in assessing and reporting on financial statements. This section explores considerations for reporting changes to the auditor's opinion due to COVID-19-related effects, encompassing issues such as financial statement misstatements, insufficient audit evidence, and assessments of going concern. Changes to the auditor's opinion may occur as a consequence of Covid 19 effects related to the following:

3.11.6.1 Financial statements that include serious misstatements

As auditors navigate the challenges posed by the COVID-19 pandemic, ensuring the accuracy and reliability of financial statements becomes paramount. In this context, identifying and addressing serious misstatements in financial reporting is crucial. This section examines two key areas where misstatements may arise: adherence to accounting policies and the adequacy of financial statement disclosures.

1. Compliance with the specified accounting guidelines. For example, inadequate measurement and recognition of assets and liabilities in accordance with accepted accounting principles.
2. The propriety or adequacy of financial statement disclosures. For instance, when financial statements do not contain all disclosures necessary to adequately characterize the consequences of current conditions on the company as a result of the Covid-19 epidemic, including a proper discussion of relevant risks, estimates, and judgements made for that firm.

In the face of unprecedented challenges brought about by COVID-19, maintaining the integrity of financial reporting remains essential. Auditors play a critical role in identifying and addressing serious misstatements in financial statements, particularly concerning adherence to accounting policies and the adequacy of disclosures. By diligently assessing these areas, auditors can enhance the reliability and transparency of financial reporting, thereby safeguarding the interests of stakeholders.

3.11.6.2 Inability to acquire enough audit evidence

The COVID-19 pandemic has disrupted traditional audit processes, presenting auditors with challenges in acquiring sufficient audit evidence. This section explores the implications of events outside the entity's control on the auditor's ability to gather adequate evidence.

1. **External Factors Impacting Audit:** Events such as government-imposed lockdowns and travel restrictions have hindered auditors' access to accounting records and other sources of audit evidence. These external circumstances are beyond the entity's control but significantly affect the auditor's ability to perform their work effectively.
2. **Constraints on Timeliness and Nature of Work:** The inability to access relevant documentation in a timely manner may delay audit procedures and compromise the quality of audit evidence.

Moreover, restrictions on travel and physical interaction with clients may limit the auditor's ability to conduct on-site inspections and interviews, further hampering the audit process.

The inability to acquire sufficient audit evidence due to external events underscores the importance of adaptability and resourcefulness in auditing practices. Auditors must navigate these challenges by leveraging technology, alternative audit procedures, and effective communication with clients. By addressing these constraints proactively, auditors can uphold the integrity of the audit process and maintain the reliability of financial reporting, even in the face of unprecedented external disruptions.

3.11.6.3 Reporting consideration on going concern issue

The going concern concept is crucial in financial reporting, especially during uncertain times like the COVID-19 pandemic. This section examines reporting considerations related to the going concern issue, outlining potential actions based on the entity's circumstances and the status of its going concern assessment. The following actions may be conducted depending on the entity's circumstances and the status of the going concern assessment:

1. If a going concern foundation is suitable but a major uncertainty is detected and adequate disclosures are made, an unmodified opinion may be provided. A second section under the name 'Material Uncertainty Related to Going Concern' may be added, which also calls attention to pertinent declarations within the financial statements.
2. If the continuing concern premise is suitable but a major doubt exists and sufficient declarations have not been made, a modified (qualified) opinion is generally provided. The report's 'Basis for Qualified Opinion' section should declare that a substantial uncertainty

exists that might cast considerable doubt on the entity's ability to going concern assumption and that the problem is not disclosed adequately in the entity's financial statements.

3. If the FSs were produced on a continuing concern basis but the going concern method of accounting is deemed incorrect, a modified (negative) judgment should be stated.
4. If the entity is not a going concern and the financial statements have been properly prepared on an alternative basis of accounting and the alternative basis of accounting is appropriate in the circumstances, an unmodified opinion may be expressed if adequate disclosure is provided regarding the alternative basis of accounting used to prepare the financial statements. A focus on the subject paragraph may be suggested to attract attention to another accounting foundation.

Reporting on the going concern issue requires careful consideration of the entity's circumstances and the adequacy of disclosures in the financial statements. Auditors must provide transparent and informative opinions that reflect the entity's ability to continue operating and the appropriateness of its accounting methods, especially in times of uncertainty like the COVID-19 pandemic.

3.11.7 Other audit-related consequences

The COVID-19 pandemic has significantly impacted auditing practices, leading to various audit-related consequences. This section explores the potential influence of COVID-19 on auditing and its implications for auditors, referencing relevant auditing standards.

3.11.7.1 COVID 19's potential influence on auditing, with reference to associated auditing standards:

The COVID-19 pandemic has introduced unprecedented challenges for auditors, necessitating a reevaluation of auditing practices in light of the evolving economic landscape. This section examines the potential influence of COVID-19 on auditing, with reference to associated auditing standards.

1. Identifying new risks as a result of COVID 19's impact and re-evaluating the preliminary Risk of Material Misstatements (RMM) and Materiality in accordance with ISA 315(Revised) Recognising and Assessing the Risks of Material Misstatement Through an Entity's and its Environment' and ISA 320 Materiality in Planning and Conducting an Audit'.
2. The risk of material misstatements in financial statements as a result of fraud, including previously identified fraud risk factors, may require re-evaluation in light of the pervasive changes in the economic environment as a result of COVID 19's impact, and thus the auditor should consider this matter in accordance with ISA 240.
3. Collect important representations from management, particularly about any estimates and judgements made in relation to the effect of COVID 19, in accordance with ISA 580 Written Representations. • Due to the effect of COVID 19, any modifications to previously communicated Key Audit Matters (KAM) to the TCWG should be considered with Management and the TCWG in line with ISA 701.
4. Due to the effect of COVID 19, any modifications to previously communicated Key Audit Matters (KAM) to the TCWG should be considered with Management and the TCWG in line with ISA 701.

The impact of COVID-19 on auditing practices underscores the importance of adaptability and thoroughness in the audit process. By identifying new risks, re-evaluating fraud risk factors, and maintaining open communication with management and the TCWG, auditors can effectively navigate the challenges posed by the pandemic and uphold the integrity of the audit process in these uncertain times.

3.11.7.2 Communication with management and the TCWG on a continuous basis

The auditor must maintain regular contact with management and the TCWG and keep them informed of any audit-related challenges, such as mobility limitations or difficulty acquiring audit evidence. Several items that must be disclosed to the TCWG, namely the audit committee, are as follows:

1. Significant adjustments to the audit's intended scope and timeline, as well as to the audit program and key audit matters (KAM);
2. Significant difficulties/restrictions encountered during the audit, and lack of response to external confirmations, resulting in a lack of sufficient appropriate audit evidence and/or the completion of alternate audit procedures;
3. Critical issues that were addressed or corresponded with management, including differences over critical estimates and judgements made by management on the effect of COVID 19;
4. Anticipated revisions to the auditor's report;
5. Anticipated delay in completing the audit owing to changing circumstances and a lack of clarity on the appropriateness of management assumptions regarding critical COVID 19 topics.

As a result of these changes, if the audit scope and resource requirements drastically expand, please do not bother to address cost overruns with management and the TCWG.

3.12 Summary and Conclusions

Finally, before completing the report, I would like to express my gratitude to our honorable faculty member, Dr. Arif Hossain Mazumder, Assistant Professor, Department of Business School, BRAC University, for authorizing me to perform my internship at a CA Firm. It has been truly a one-of-a-kind and inspirational event for me. For me, the voyage is simply incredible. I've gained a wealth of knowledge via my employment at the firm. Additionally, the CA Firm offers training workshops and seminars for continuing professional growth. Admittedly, I wish this business extraordinary success.

3.13 Recommendations/Implications

3.13.1 Findings

The COVID-19 pandemic has brought unparalleled challenges to auditors, impacting various phases of the auditing process. From ensuring the availability of reliable data to navigating travel restrictions, auditors must adapt and devise strategies to overcome these obstacles effectively. This section refers into the multifaceted challenges encountered by auditors amidst the pandemic and explores potential findings:

- 1. Difficulties Associated with Auditing Estimations:** Auditing estimations become challenging due to minimal focus on past quarters, unpredictable inputs, and regulatory directives affecting accounting estimations, requiring careful assessment and consideration.

- 2. Restriction on Travel and Mobility:** Travel limitations and remote work policies disrupt direct auditor-administration contact, demanding heightened audit quality maintenance, effective communication, and adaptation to alternative audit approaches amidst logistical constraints.
- 3. Procedures for Different Companies:** While the auditing procedure is almost same for public and private companies, the processing method varies for each of the clients. Public limited firms' auditing processes take longer than those of private enterprises.
- 4. Other Audit-Related Consequences:** Auditors must identify and evaluate new risks arising from the pandemic's impact on the economic landscape, adhering to auditing standards and maintaining open communication with stakeholders. Regular communication with management and TCWG is essential in addressing audit-related challenges and ensuring transparency in reporting.

The findings highlight the complex challenges faced by auditors amidst the COVID-19 pandemic and underscore the importance of adaptability, communication, and adherence to auditing standards. By addressing these challenges effectively, auditors can uphold the integrity and reliability of financial reporting, safeguarding the interests of stakeholders in these unprecedented times.

3.13.2 Recommendations

Efficient auditing processes are essential for both public and private companies, although variations exist in their execution. Auditors are hold with significant responsibility for ensuring the accuracy and fairness of financial reporting outcomes, a duty that may be influenced by jurisdictional nuances. To enhance the efficacy of auditing procedures, specific recommendations can be implemented to streamline processes and optimize outcomes.

- 1. Comprehensive Company Overview:** Before commencing the auditing process, it is beneficial for supervisors or in-charges to provide a brief overview of the client's company to the audit team

members. This ensures a comprehensive understanding of the client's operations and facilitates more targeted audit procedures.

- 2. Effective Organization and Training:** Auditors are imperative for overseeing junior staff and ensuring the quality and consistency of audit work. Well-trained auditors can enhance efficiency and accuracy throughout the auditing process.
- 3. Clear Timelines for Auditing:** Providing auditors with a specific timeframe for completing the auditing procedure is essential for managing resources effectively and meeting regulatory requirements. Clear deadlines promote accountability and facilitate smoother audit execution.
- 4. Facilitate Documentation Access:** Client management must be directed or instructed by higher authorities to promptly provide all necessary documentation to auditors. This ensures that auditors have access to the information required to perform thorough assessments and make informed judgments.

In conclusion, while the auditing process shares similarities across public and private companies, it is essential to recognize the variations in execution and the significant responsibility shouldered by auditors. By implementing recommendations such as providing comprehensive overviews, ensuring effective organization and training, setting clear timelines, and facilitating documentation access, companies can enhance the efficiency and effectiveness of their auditing procedures, ultimately bolstering financial transparency and accountability.

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