

Report On

**The Role of Audit in Detecting and Addressing Discrepancies and Compliance Issues of
Clients and Improving Financial Transparency and Accountability**

by
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Student ID: 19304004

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

Brac Business School
Brac University
November, 2024

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

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Professor and Associate Dean
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Letter of Transmittal

Mohammad Mujibul Haque, PhD
Professor and Associate Dean
Brac Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir,

I'm pleased to inform you that I've finished my internship report on “The Role of Audit in Detecting and Addressing Discrepancies and Compliance Issues of Clients and Improving Financial Transparency and Accountability” as part of the Summer2024 internship program. The report provided me with valuable insights. It has enabled me to clarify everything that I have learned during my internship in the financial and accounting fields.

I would like to convey my deepest thanks to you for your continuous direction and assistance during the course of this report. Your opinions on the report, given its constraints, are highly welcomed.

Sincerely yours,

Fatema Akter Mim

ID: 19304004

Brac Business School

BRAC University

Date: November 3, 2024

Nondisclosure Agreement

This agreement is made and entered into by and between ACNABIN Chartered Accountants and the undersigned student at BRAC University to complete the internship report while adhering to the company's confidentiality terms to prevent unapproved exposure of information.

.....

ACNABIN Chartered Accountants

Acknowledgment

The opportunity to work at ACNABIN for three months was an amazing experience for me. As a finance major and accounting minor, it gave me real-world insights into the industry and allowed me to apply what I had learned in university to actual employment.

I would like to thank my internship supervisor, Mohammad Mujibul Haque, for his encouragement and advice throughout the internship. His views were significant to the production of this paper.

I am also grateful to Muhammad Aminul Hoque FCA, Partner of ACNABIN Chartered Accountants, for giving me the chance to work with the Audit & Consultancy team at ACNABIN.

Moreover, I am thankful to my workplace supervisor, Mahmudur Rahman, for expanding my knowledge not only in accounting but also in a variety of other fields.

Finally, I'd like to thank Brac University for all of its academic assistance throughout the four years of my university career, as well as the Office of Career Services and Alumni Relations for assisting me with the appropriate paperwork for my internship.

Executive Summary

This report, which consists of three parts, focuses on an overview of my internship experience at the organization, details about the organization, and finally, the topic that I chose for this report, which is “The Role of Audit in Detecting and Addressing Discrepancies and Compliance Issues of Clients and Improving Financial Transparency and Accountability”.

The first chapter focused mostly on the internship's outcome. What I acquired from the internship and what the firm benefited from having me as an intern are emphasized here. Also, I explained my job description such as I did a quarterly audit of a client. Moreover, I described the problems and difficulties I faced while doing my internship. Lastly, I gave some recommendations.

In the second chapter, I covered details of the organization and some of the organizational methods. Also, I described the significance of this study and the limitations of this study. Moreover, I elaborated on their management practices, marketing practices, and operations management, and information system practices. Since their financial and accounting information was not publicly available, I showed the overall financial institutional performance of Bangladesh. And lastly, I showed industry and competitive analysis and I gave some recommendations that they should adopt for their future betterment.

In the last chapter, I discussed the process of internal and external audits, the detection of discrepancies and compliance issues of clients with real-life examples, the improvement of financial transparency and accountability, assessment of the impacts of cybersecurity threats on the audit process in ACNABIN. And I gave some recommendations to solve these problems.

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List of Acronyms:

CA	Chartered Accountant
ICAB	Institute of Chartered Accountants of Bangladesh
IFRS	International Financial Reporting Standards
ERP	Enterprise Resource Planning
TDS	Tax Deduction at source
VDS	Vat Deduction at source
VAT	Value Added Tax
NGOAB	Non-Governmental Organization Affairs Bureau
ACFE	Association of Certified Fraud Examiners
AIT	Advanced Income Tax
DDoS	Distributed Denial of Service

Chapter 1: Overview of Internship

1.1 Student information

My name is Fatema Akter Mim. I am a student in the Bachelor of Business Administration program at BRAC University. My student ID number is 19304004. My major is Finance and my minor is Accounting.

1.2 Internship Information

1.2.1 Period, Company Name, Department/Division, Address

I have completed my 3-month internship with ACNABIN Chartered Accountants. My internship period was from 25 June to 24 September. During this period, I have worked in the Audit & Consultancy department of this company. The home office is located at BDBL Bhaban, Level-13, 12 Kazi Nazrul Islam Ave, Dhaka 1215.

1.2.2 Internship Company Supervisor's Information: Name and Position

My organization supervisor was Mahmudur Rahman. He is currently in the department of Assurance and Advisory as a Director in ACNABIN Chartered Accountants.

1.2.3 Job Scope – Job Description/Duties/Responsibilities

While doing my internship, I was exposed to and worked with articleship students who are doing their articles at ACNABIN Chartered Accountants. As an intern, my duties included auditing customer vouchers, invoices, and finance records. The firm also assigned me to create periodic

reports for management as proof of integrity as well as to sample advance Tax reports. During my internship, I also participated in courses provided by my seniors to strengthen my technical skills, which are primarily linked to using Excel. I was assigned to the internal audit team called the “GE Healthcare IA Team”. The major job and role of our team include carrying out internal audits on GE Healthcare Bangladesh Limited. My main job during the internship at GEHBL was to collect proof from the company’s management for the scope of our audit. Once I received the documents, I also analyzed and reconciled them following the company’s policies. During the internship, I adhered to the following company’s policies such as bad debt policy, indirect sourcing policy, and leave policy. For the operating areas of the fourth quarter, I found direct taxes, indirect taxes, record-to-reports, and others. Similarly, in the first quarter, the work areas consisted of statutory compliances, procurement to pay, logistics inbound, and logistics outbound.

1.3 Internship Outcomes:

1.3.1 Student’s contribution to the company

I had several opportunities to contribute to the firm. I was able to alleviate my seniors' workloads by supporting them and freeing them time to focus on other important initiatives. In addition, I assisted with voucher receipts. It is a monthly assignment in which the accounting team sends vouchers to the audit team, who must match all of the vouchers to the top sheet and ensure that all of the information is right. Furthermore, there were prior months' coupons that needed to be received and reviewed, which I assisted with. In addition, I oversaw all of the paperwork for one of the company's concerns. After that, I was appointed to the internal audit team known as the "GE Healthcare IA Team". There, I did a quarterly audit for the fourth quarter of 2022, as well as the first quarter of 2023. First, I spoke with GEHBL's administration about the requisite documentation for all of those quarters, known as the first requisition. I evaluated papers for conformity with corporate policies, which was welcomed by my seniors. Based on my observations, they created audit reports that were approved by my supervisor and the ACNABIN director.

1.3.2 Benefits to the student

I had the opportunity to perform quarterly internal audits during my internship. It was a terrific deal, for me, since I could adjust myself and make decisions according to my future higher education. I have been able to do internal control systems and activities of the organization, GEHBL in this case, for which I had been allowed to conduct internal audits. I learned the activities of the organization, such as the vendors, buyers, employees, and the divisions of GEHBL. Additionally, dealt with the clients professionally and properly. Moreover, I learned how to network with senior members of a group, such as the head of Finance of a multi-national company, to make sure of the purity of their paperwork. I have improved my communication, interpersonal, observation, and analytical skills as a result of dealing with my clients at the workplace, as well as with my boss.

1.3.3 Problems/Difficulties (faced during the internship period)

Everything has advantages and downsides. Overall, I had a good internship experience. During my internship, I confronted the following challenges:

- Initially, it was challenging to maintain correct auditing timing since our client office (GEHBL) was so far away from our home office (ACNABIN). As a result, auditing and reporting became less efficient.
- Another significant problem I encountered throughout my internship was acquiring paperwork from my clients. We submitted to them an initial demand, and they responded to us with a management answer. However, we did not get all the needed papers.
- Moreover, another major problem I encountered was maintaining effective contact with higher-level officers of a worldwide corporation. Because those cops were usually preoccupied with their duties, communicating with them regularly was difficult.
- Finally, the most difficult step was gathering financial data from ACNABIN. Because it is a private company, outsiders and students do not have access to its yearly report.

As a result, I was unable to obtain data that would have been very useful in drafting my internship report to show financial and accounting performance.

1.3.4 Recommendations (to the company on future internships)

- Updating all the present computers should be the biggest agenda of ACNABIN since we deal with really huge files, and the laptop gets shut down/slows down once in a while when we're working. It affects our productivity.
- Feminine transportation is highly appreciated since, as I mentioned earlier, we will work overtime busy season, and most of us do not live around the client's office. Therefore, It would be highly recommended to provide transportation service as well.
- To reduce the total workload for auditors, installing auditing software such as Cygna Auditor or Netwrix Audit would be beneficial.
- Some of the specific staff should be provided for transporting these documents from the client's office to ACNABIN respectfully since it is hard to go around consistently for the interns.

Chapter: 2 Organization Part: ACNABIN Chartered Accountants

2.1 Introduction

2.1.1 Objective

The objective of this chapter is to detail information about the ACNABIN such as when it was set up and how the overall enterprise is managed. Additionally, it is important to access information concerning how every department and all branches are in operation. Moreover, the services the organization provides for its clients, marketing, and the practices of operations management and information systems, including the industry and competitive position of the chosen organization.

2.1.2 Scope

Chapter 2 is arranged mainly to give a general idea about the firm ACNABIN Chartered Accountants and the auditing activity in Bangladesh. Upon reading this paper, one would get to know the CA firm culture, working atmosphere, and why to take the Chartered Accountants as a profession for future career. Moreover, this stage will present the background information of ACNABIN, specifically the management process and practices, customer retention strategy, IT and administrative services, and accounts and financial statements. Furthermore, this chapter will provide a general idea for the readers of my organization ACNABIN, how the auditor does the audit and their technique.

2.1.3: Methodology

In the data collection process of my research, I obtained the required data and information from both primary and secondary sources. The primary data was sourced from CA professionals mostly from ACNABIN Chartered Accountants who are now doing their CA at the firm. Furthermore, I also gathered data from the ACNABIN admin staff. The secondary data types are collected from several sources. Some of them are like the ACNABIN official website, ICAB, and Google Scholar.

2.1.4 Limitations

The first limitation is that some data not available. If I had an opportunity to access and collect and present some directly related documents and reports on the topic of study, this would give the opportunity to give the full picture of the proposed work. I could not research some significant papers because of high confidentiality. As I did not have access to collect the yearly financial statements of ACNABIN, I cannot show the financial performance of my object of the study and report its financial position. The other limitation is time limitation or data collection limitations. Due to this reason, I could not go far in the analysis of my topic. Execution of the time scale of work was difficult and made a lot of shortcomings that can be reflected. Otherwise, the time plan was three months to prepare the report, so that, I could not gather more updated data. I have to do my report on the basis of previous data that was prepared by me.

2.1.5 Significance

The primary goal of writing this chapter is to determine the general scenario of the ACNABIN CA Firm. In addition, to how they carry out all of the actions and procedures. This report provides a thorough understanding of ACNABIN CA Firm's overall operational activities as well as the aspects that enable all operations to take place. They can make appropriate decisions based on these scenarios. The management may concentrate on whether any changes are required. Furthermore, this report provides them with an overview of the company's current situation. They will be able to examine how the organization handles things, as well as their financial status. The individual benefit of this report is considerable.

2.2 Overview of the Company

ACNABIN Chartered Accountants is one of Bangladesh's largest and most notable CA firms, and it has a collaboration with Baker Tilly, the world's eighth-largest CA company. ACNABIN, established in February 1985 has been translating into values to the clients by steering them through their strategic paths and has evolved as a catalyst for developing an industry culture of continuous learning, leadership development & human partnership since its inception. Since then, it has expanded its presence around the world and how it provides services. Management Consulting ACNABIN has been providing comprehensive management consulting since its inception to provide extensive services, including market research and strategic financial advice. The company is run by a few consummate insiders who are widely courted and hired as consultants for projects funded by leading benefactors in federal and governmental institutions. Many of ACNABIN's impactful interventions are sponsored by international organizations such as the World Bank and UNICEF, notably financially supported.

The nine partners that comprise ACNABIN, also require expertise in auditing, accounting, and business consulting or reviews or advice to outsource your business intelligence (BI), taxation issues, and technological solutions. Aside from a range of services in capital market activity and financial management people usually only once in a while need such kind advice, which each partner can supply to his present success with clients and prospects, in both national or overseas markets. Since its establishment, ACNABIN has served around 350 customers from all walks of life in Bangladesh and in the private, semi-public, and public sectors, involving industries such as microfinance, trade, finance, health care education agriculture, or social work services. It offers a variety of services in different areas including auditing processes, management consulting, and lots more.

From 1992 through July 2002, ACNABIN represented Anderson SC in Bangladesh, helping to solidify the firm's position in its industry. However, after Anderson SC split up in 2002, ACNABIN joined hands with ASNAF-ASEAN Accounting and Consulting companies of Singapore in 2003 to expand our regional coverage. Then in 2004, ACNABIN began cooperating with Baker Tilly, the world's eighth-largest accounting network with 125 member

companies in 147 countries. Bangladesh Bank recognizes ACNABIN as a certified Chartered Accountant business for bank audits, and the company has strong regulatory links with the Bangladesh Securities and Exchange Commission.

2.2.1 Strategic Intent

ACNABIN Chartered Accountants' goal is to develop itself as a firm that upholds the highest standards of quality and professionalism. They believe there is still an opportunity for them to deepen their commitment to the country and area while retaining a true and respected presence in the markets for telecommunications, financial institutions, non-profit organizations (NGOs), liaison offices, and overseas branches.

- **Strategic Intent:** They want to become the trusted leader in the market ensuring the highest level of professional ethics and competencies.
- **Partner-Driven Approach:** They cater to their clients with personalized attention and meet their(client) business challenges with ease and finesse without compromising their(client) independence wherever required.
- **Extraordinary Client Service:** ACNABIN's client-centric approach is built around highly customized services through continuous innovation to deliver value to their clients. They provide support to their customers that they can rely on, encompassing all their requirements to the best of our ability. ACNABIN believes in 'total client satisfaction'.
- **Vibrant & Long-lasting Client Relationships:** Their client relationships are more than just business partnerships. ACNABIN endeavor to understand the person as well as their business and build a vibrant and long-lasting relationship.

2.2.2 Vision

“We go beyond the traditional auditor and client relationship by becoming your Trusted Business Advisor” (ACNABIN Chartered Accountants, 2024).

2.2.3 Mission

“We adhere to the strictest principles of client confidentiality. The sensitive and competitive nature of proprietary information and the maintenance of trust demands it. We have built our success on such principles. We do our utmost to earn and keep client trust” (ACNABIN Chartered Accountants, 2024).

2.2.4 Core values

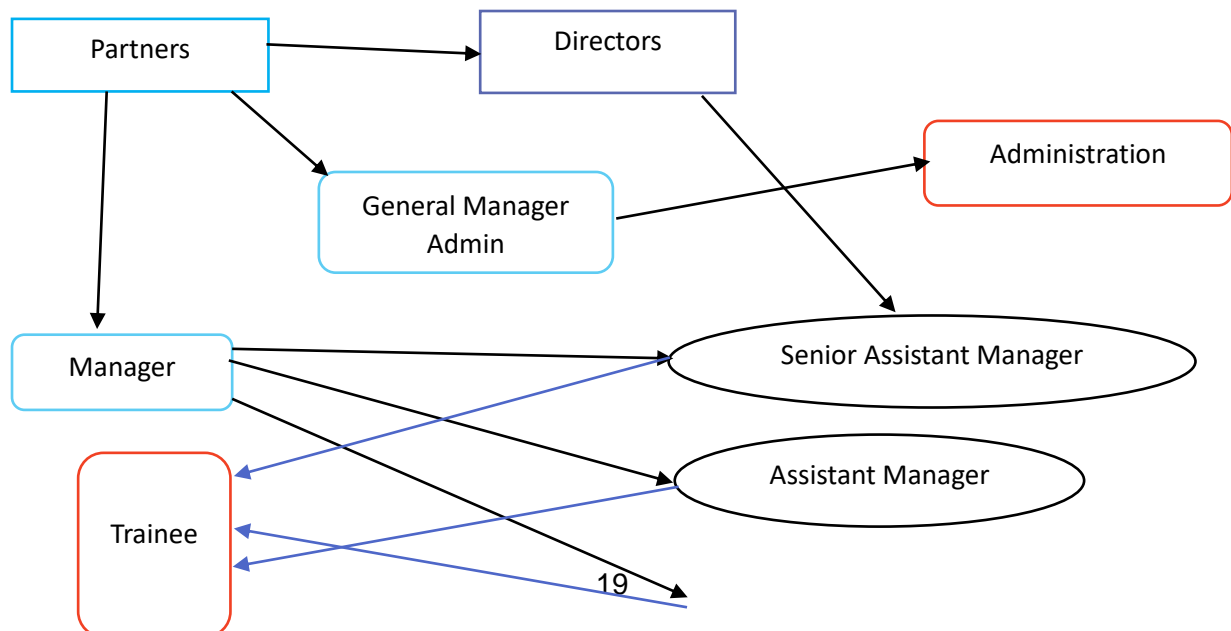
ACNABIN’s culture is driven by the Baker Tilly Internal core values:

- To lead by example
- To deliver quality services with integrity
- To communicate openly, to act ethically
- And to foster a community built around civic responsibilities and teamwork.

2.3 Management Practices

2.3.1 Leadership & Decision making

ACNABIN's leadership style is significantly autocratic. This firm is led by its partners or by the business's proprietors. Currently, ACNABIN has eight partners. When it comes to company decisions or audit approval engagements, they are typically addressed among partners. The organizational hierarchy of ACNABIN is as follows:



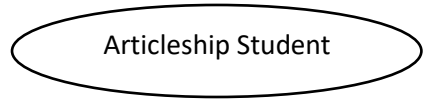


Figure 1: ACNABIN's Organizational Hierarchy

The above figure depicts the processes of operation of this firm. The audit engagement is often signed by the company partner; however, the manager and senior assistant managers of the firm are now in charge of the audit. Their role is to carry out the audit by giving tasks to the firm's assistant manager, article student, and trainee. In the majority of situations, Bangladeshi auditing firms follow autocratic leadership. ACNABIN is similar to any CA firm in that it mostly employs autocratic leadership. Such a leadership approach aids the company's retention of earnings and market reputation.

2.3.2 Human Resource Planning Process

ACNABIN is committed to retain the most qualified and experienced experts in their organization. When article students complete their articles, the organization often does not retain them. However, if the business discovers that an individual is more efficient and effective, it will want to keep that person by boosting his or her payments as recompense for his or her efficient performance. They keep employees based on their service performance and job quality, not based on their personality or family history.

2.3.3 Recruitment and selection process

ACNABIN administration executes an internal and external recruitment policy. The ACNABIN firm frequently uses a recruitment policy outside when hiring articulated students. It asks simply to leave a CV of the occupant on its website to be interested in eligible applicants. For the executive, senior executive, and manager positions, ACNABIN applies an internal recruitment process. In practice, the articulated student who retained the job in the company for three years or the length of time assigned to them based on the terms of the articles becomes recognized in the company and among the clientele as well. This indicates that as an in-service person, ACNABIN tries to hold its articulated students within the organization or in the work track. Meanwhile, ACNABIN uses three process sequences during an external recruiting exercise. It is possible to make a screening exam

after the receipt of the CV, and then organize a writing exam for the student concerned. At this point, the firm tests their bookkeeping, financial means, and knowledge of English. Finally, the occupant must petition the partner or director for a viva execution. That is the way by which ACNABIN recruits from overseas. However, as regards the internal recruitment process, potential candidates hold viva to a partner or a director.

2.3.4 Compensation System

In terms of salary payment for articleship students in Bangladesh, the majority of Chartered Accountants firms follow ICAB regulations and policies. According to the policy of ICAB, a student will be paid BDT 7000 in the first year of articleship, BDT 8000 in the second year, and BDT 9000 in the final year. Even though, Dhaka University students get priority in terms of compensation and transportation allowance. Also, if someone completes articles and starts working as an employee under the firm, then the employee will get BDT 25,000 as a base salary. Nonetheless, corporations compensate employees depending on their performance on services to keep effective staff. ACNABIN has their salary structures and policies to compensate employees on the basis of their performance on services.

2.3.5 Training and Development Process

Training sessions are a vital component of any accounting business in Bangladesh. Firms organize training programs every week or quarterly to prepare their articleship students or trainees for specialized jobs. CA businesses provide a variety of training programs, such as bank auditing, tax planning, and compliance checking. Sometimes, Firms also send their students to ICAB for customized training sessions on various subjects, which benefit students both academically and professionally. The primary goal of this training and development is to grasp the subjective nature of their working purpose, as well as to raise the article student's work efficiency.

2.3.6 Performance Appraisal System

As per ICAB regulation if any student passes the certificate level that student will get more BDT 3000 as an appraisal. Anyone who passes the professional level that student will get more than

BDT 5000 as an appraisal along with the salary. Moreover, if any student completes the articles level, he or she can join that firm as an employee.

2.4 Marketing Practice

ACNABIN in their marketing is a service provider in B2B chartered accountancy. Their service to large business organizations is in the form of audit, tax, and consultancy. Their main marketing practice is to hold the brand value the service audit plan is presented to their clients with varied specifications. The marketing practices by the ACNABIN are as follows-

2.4.1 Marketing strategy

The marketing strategy that ACNABIN follows to grow in the accounting service-provided area is joint venture and referrals. These strategies are given below-

Joint Venture strategy: ACNABIN is the networking partner of BAKER TILLY International. It states that BAKER TILLY International at present in the world stands ranked 10th in terms of revenue and active employees (Big4 Accounting firm, 2022). Comprising in general, a joint venture strategy implements mainly a strategy where two companies take the strategy measures of marketing, and build market selling to enhance their market share, goodwill, and profits. The ACNABIN chartered accountant was doing the same as described above. They were working as a joint entrant and had a joint venture networking process with BAKER TILLY International.

Referrals strategy: This is a strategy that a service is a trust-based relationship entity to have. There is created a base of a customer in a service strategy who will give others proper reasons to take service from the firm too. According to Tang, C. 2022, April 21, joint venture is been implemented by the ACNABIN in their early face in their practice. They acquired good relationships with the industrialists. This is created by them to provide the service of audit too good for the firms. The clients of ACNABIN are also the said firms with a strong base of trust.

2.4.2 Target customer, targeting and positioning strategy

1. **Targeting customers:** ACNABIN's target customers are large corporations, NGOs, Banks, Non-banking financial institutions, Garments, hospitals, Airlines, Cement, Pharmaceuticals, Insurance, and Charitable organizations. ACNABIN provides a wide range of assurance services to its target customers.
2. **Positioning:** ACNABIN positions their services based on their customer's needs. They provide a wide range of services as mentioned above. Here, they position their service based on their customer's needs.

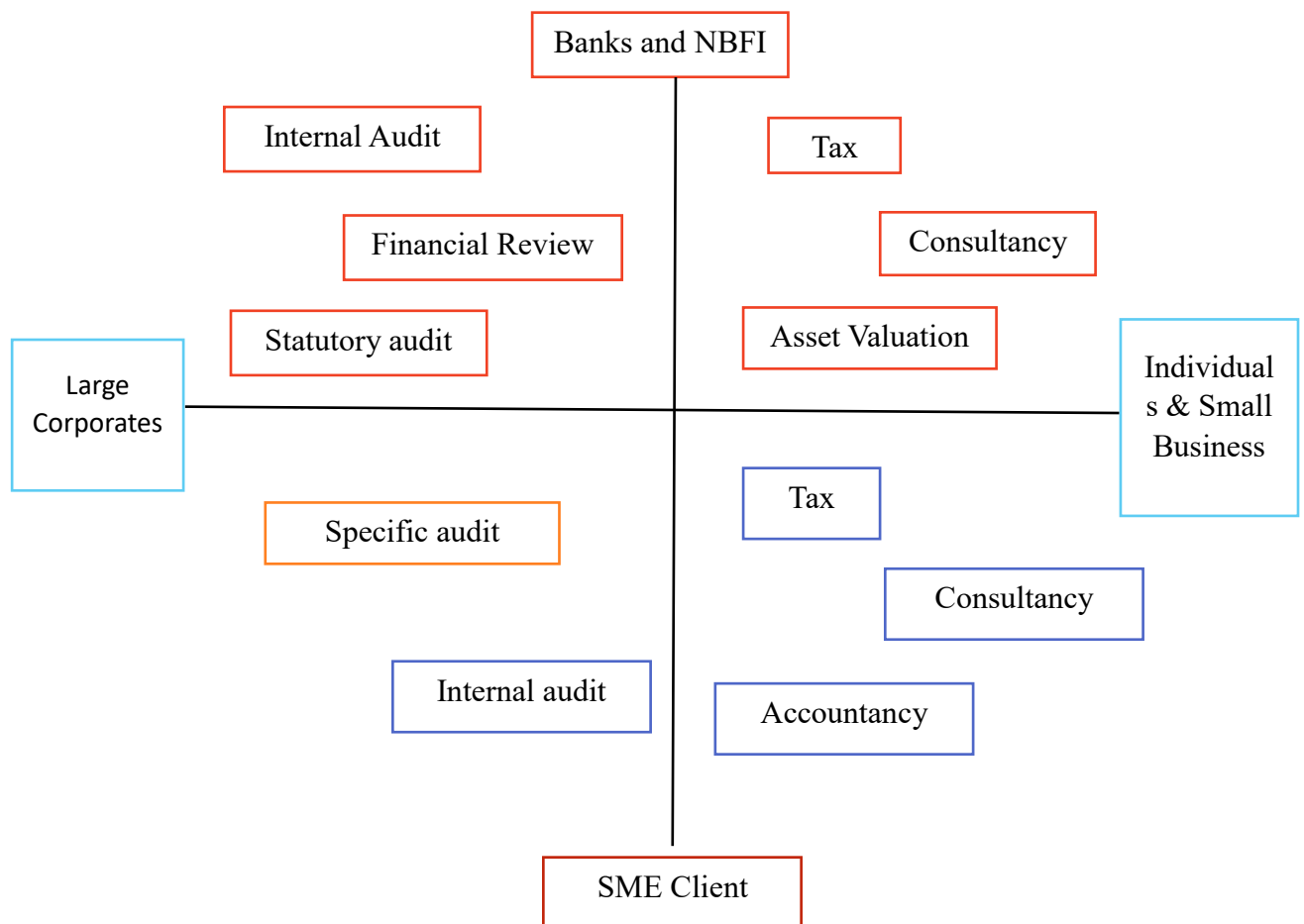


Figure 2: Position mapping

In the diagram, we can see that the ACNABIN company offers several various types of service. For large corporates and banks, the firm provides an internal and external audit of the company

and a review of its financial report and statements. For the firms with the type of ownership, such as SMEs or individual company people, the company provides a tax and consultant service. To finish up, for any type of client that the firm is working for, there may be different additional services according to the specific client's demands.

3. **Segmentation:** The ACNABIN Chartered Accountants generally segment their customers as focused markets, trust-based relationships, and potential prospects. The company always tries to enter the market by considering future demographic, psychographic, geographic, and behavioral aspects on which they can grab their customer and know about their future business purpose and this will be useful for the company to decide whether to provide service or not to provide service to their industry.

2.4.3 Marketing Channels

The marketing channels of this CA firm are very simple. First of all, it is important to say that the service distribution process is simple because the company is a service provider and it does not manufacture any kind of product. It delivers services directly to the businesses that require them. Furthermore, the CA does not need to maintain any media that would generally be required of manufacturing companies.

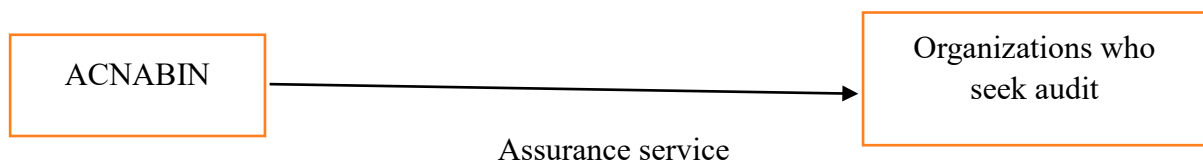


Figure 3: Service Distribution channel

From the diagram, it is evident that ACNABIN Chartered Accountant's audit services are directly provided to the clients who demand auditing services.

2.4.4 Product/New product development and competitive practices

As a service provider, ACNABIN's core product is its services. Hence, they have always been increasing their service quality by adding more employees. Now they are focusing on increasing their professionals' job quality to compete with the competitors (ACNABIN Chartered Accountants, 2024).

2.4.5 Services

ACNABIN provides a wide range of high-quality, great services to both commercial as well as public sector clients in Bangladesh. It also assists foreign development organizations and foreign consultants who work on projects in Bangladesh (Rahman, I. 2015). The primary goal of their service is to establish their client's internal control system, which will ultimately provide value. The major services offered by ACNABIN are as follows:

1. **External Audit and Assurance service:** Every CA firm in Bangladesh provides audit and assurance services. Nonetheless, ACNABIN is a well-known organization that provides assurance services to several multinational organizations, including GP, BAT, BERGER Paints, GE HealthCare and many more (Baker Tilly International 2024). They also provide assurance services to numerous industrial and RMG textile companies. Here, the firm's primary role is to deliver an opinion with reasonable or limited certainty, but not absolute assurance. In most situations, the topic of such assurance services is the company's financial statements. ACNABIN follows ICAB principles and standards to the fullest degree practicable. This report simplifies and improves decision-making for report users (Shahriar, M. 2020). ACNABIN offers a variety of audit services, including statutory audits, particular audits, cost audits, forensic audits, Non-Governmental Organization Affairs Bureau audits, and so on (Morshed, R. 2018).
2. **Advisory & Consultancy service:** Notably, Bangladeshi CA firms provide consultations for many clients, which helps enterprises conduct active business. This may be organizational and bookkeeping assistance in the proper formation and organization of customers' accounts. At the same time, ACNABIN provides consultations in business process consulting that helps customers increase productivity and efficiency. The

organization may also have management consulting that helps to increase the efficiency of clients' management, payroll schemes, overtime schemes, and others (Shahriar, M. 2020).

3. **Taxation Tax planning and tax management of expatriates:** ACNABIN chartered accountants, like other accounting companies in Bangladesh, assist clients with their Tax Planning, Resolving Tax Liabilities, VAT Payment, etc., joined some services such as calculating TDS, VDS for the client to help manage the tax bill. This service is provided for both corporate and individual clients. On the other hand, the company advises the clients on how to minimize the tax liability of the corporate and individual customers, ensure that it practices within the scope of law. Corporate and individual tax planning, personal income tax planning, deferred tax calculation, indirect tax, tax investigations, capital gain tax, VAT management designing, tax-effective compensation planning, etc (Akter, S. 2022).
4. **Internal Audit service:** ACNABIN also gives internal audit services to its clients. Internal auditing is primarily concerned with ensuring compliance and identifying internal control flaws in a corporation or organization (Akter, S. 2022). Many of the firm's articleship students are sent to their client's office to audit the organization's internal control system and report on it.
5. **Outsourcing:** ACNABIN also gives outsourcing services to its clients. Accounts payable, payroll, and payroll tax processing, as well as human resource assistance, are examples of their outsourced services. There are just a few organizations in Bangladesh that offer outsourcing services to their customers.
6. **Other services:** Moreover, not to mention any generic services, there are numerous specific services that ACNABIN is currently offering. There are some of the followings: financial reviews, accountings, management training, and business plans provided for the clients of the company. Additionally, ACNABIN offers particular service plans, such as due diligence review, micro-finance consulting service, asset valuation, and bank account opening for foreign customers of this service. To continue, fixed asset or inventory management may still be enforced.

2.4.6 4 P's of Marketing

Product: Since ACNABIN is a service providing company, their product is services. These services are internal and external audit, advisory and consultancy, Taxation Tax planning and tax management of expatriates, outsourcing and other services.

Price: Their pricing system depends on the duration of services and number of tasks to be done for clients. For example, in the last year, they charged Grameen Phone BDT 70,00,000 for a yearly audit service. Whereas, for General Electronic HealthCare, they charged BDT 100,000 for quarterly audit service. So, it depends on the time and workload of the client.

Place: ACNABIN has 2 offices. One is located in Dhaka and another one is in Chittagong. They work from their office and also in their client's office. Once they are done with collecting resources from the client office which are needed to give services like audit, they start working from their home office.

Promotion: The promotional activities that ACNABIN performs is the use of digital media such as Facebook, LinkedIn, etc. on one hand and word of mouth on the other hand. Social media promotes this activity to its general clients on the one hand and word of mouth promotes their motive to the future job seekers who are pursuing to study Chartered Accountants. It also has its official website "www.acnabin.com" from here anybody may get an idea about the policy, rules, regulations, motive, services etc of their activity.

2.4.7 Branding

ACNABIN Chartered Accountants, one of the pioneering firms in Bangladesh, owns its brand value and goodwill. Here are the activities that they are following:

1. Building a good relationship with their large corporate customers and helping them in their daily operation of the business.
2. Permitting external client incentive audits timely.
3. Delivering expert business consultancy services to their clients and advising on and implementing tax as per the laws. Client using the year of this firm's audit assurance service.
4. Creating qualified chartered accountants within the organization.

2.5 Financial Performance and Accounting Practices

A chartered accounting business, ACNABIN prepares financial accounts for customers and checks the fairness of financial records. Nevertheless, the general public does not have access to their own organization's financial statements. Its finances are not publicly available because ACNABIN is not a publicly traded organization. Therefore, there is no way to acquire financial statements for the last 3-5 years to analyze my organization's financial performance and accounting practices. Hence, I will present an overview of the financial performance of Bangladesh's financial institutions and I will present financial performance of The Institute of Chartered Accountants of Bangladesh.

2.5.1 Insights from Financial Reviews

According to Syful Shamsul Alam & Co. (SSAC), advanced internal compliance tracking allows the reduction of compliance-related risks by 30%. This reduction affects the financial performance of the industry through the alleviation of possible financial losses. Moreover, the reduction of the risk of penalties would also alleviate the necessity of spending additional costs on legal fees and reputation management. In such a way, the business can avoid additional costs and manage resources more effectively.

Improved operations with the use of tracking systems allow time and effort economy. The elimination of additional efforts associated with tracking compliance provides businesses with technological resources and new opportunities. In such a way, both direct and indirect administration costs are reduced. The aforementioned effects have a positive influence on financial performance. Leading indicators include a financial services company that was able to reduce its compliance-related risks by 30% and streamline reporting processes.

The adoption of advanced technological applications for financial purposes, also known as FinTechs, has advanced positive influence on financial performance.

Accounting systems and AI-based tools provide increased usability, accuracy, and efficiency for operational purposes. The more precise data collection and management processes allow the reduction of potential human-made mistakes and business costs associated with manual

operations. Moreover, precise financial data preparation influences the accountability of financial reports. The latter element influences the profitability of the involved business through improved decision-making. According to SSAC's latest corporate financial reviews, the financial impact may be analyzed with the background of an e-commerce platform, the management of which allowed the reduction of fraud rates by 40% through a fraud detection and prevention application. The drastic decrease in fraud reduced the financial losses associated with it. Moreover, the overall customer trust was increased. The improved financial stability of the company can be identified at that point with the customers' prolonged use of the system and anticipation of their future gains.

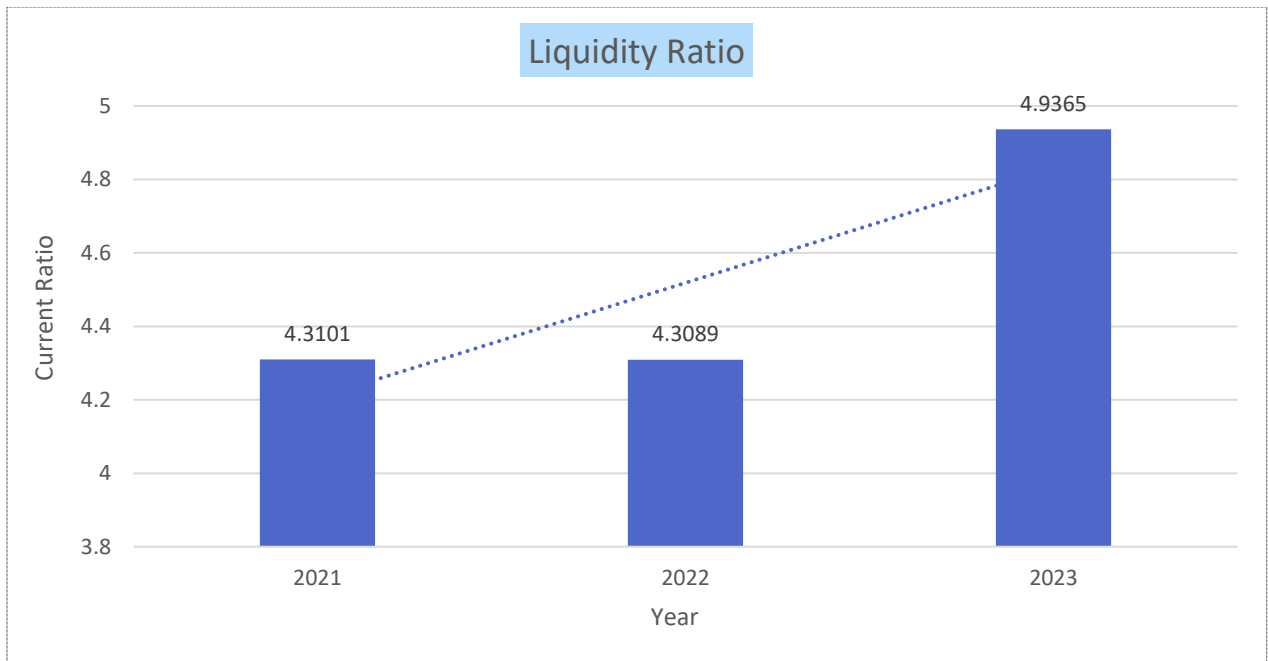
To conclude, firms that can adapt to changing regulations and take advantage of financial technology see significant improvements in their financial performance due to decreased costs and higher operational efficiency. With compliance systems in place, the need for labor is greatly reduced, and the risks posed by fraud and compliance issues are also decreased. Moreover, errors and inaccuracies are less of an issue, which allows businesses to be sure of their assessments of markets. Finally, the use of such technologies helps build customer trust, leading to more confident investment and willingness to pay. Therefore, businesses adopting these procedures and technologies can expect better financial health, improved profitability, and ongoing growth.

2.5.2 Trend Analysis of The Institute of Chartered Accountants of Bangladesh

2.5.2.1 Liquidity Ratio:

Formula: Current ratio: Current asset/ Current Liabilities

2021	2022	2023
400,142,934/92,838,519 = 4.3101	458,042,629/106,300,091= 4.3089	519,162,032/105,167,820 = 4.9365

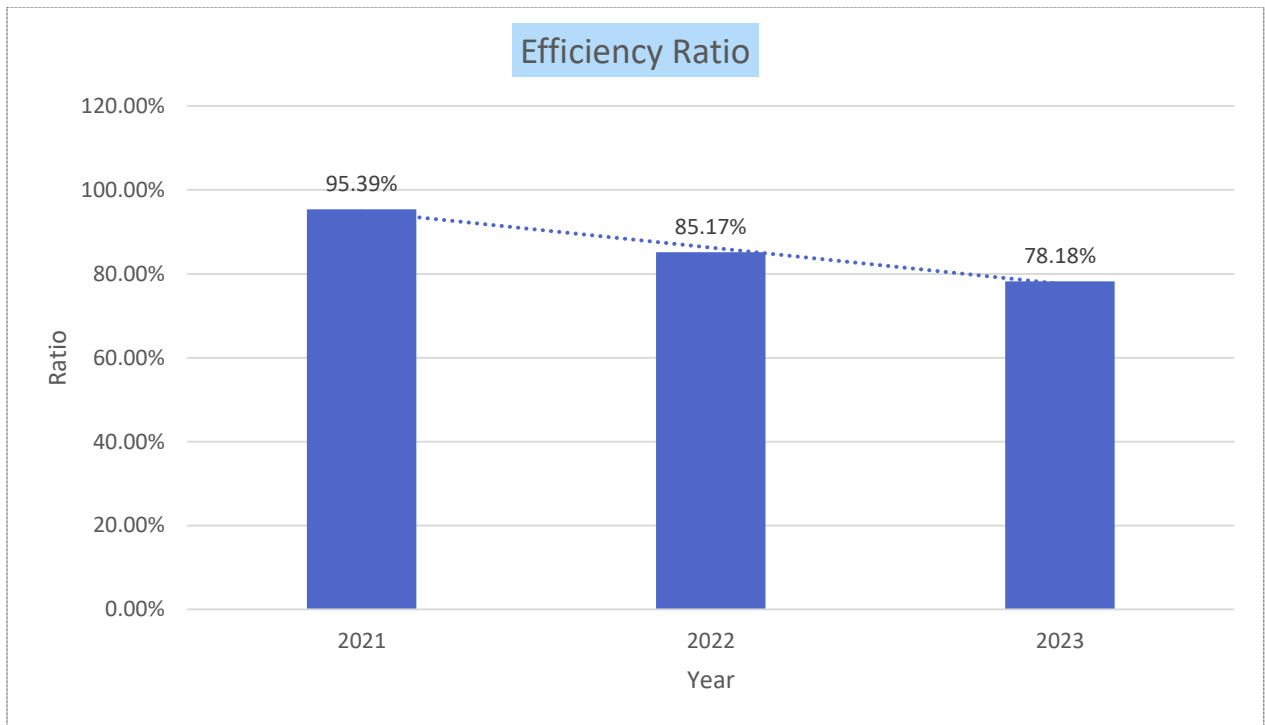


In the above diagram, we can see that all the current ratios are above 1 which indicates ICAB has a strong ability to pay its short-term obligations. In 2021, current ratio was 4.3101 but in 2022, it decreased slightly. However, there was a drastic change in 2023, it became 4.9365. It indicates that it has improved its ability to satisfy short-term obligations. And it happened due to their increasement in current asset and decreased in current liability. Hence, it indicates, they have a strong liquidity.

2.5.2.2 Efficiency Ratio

Formula: Efficiency ratio: $(\text{Expenses}/\text{Revenue}) * 100$

2021	2022	2023
$(198,698,808/208,299,937)$	$(256,220,397/300,822,233)$	$(305,879,961/391,261,779)$
*100 = 95.3907%	*100 = 85.1733%	*100 = 78.1778%



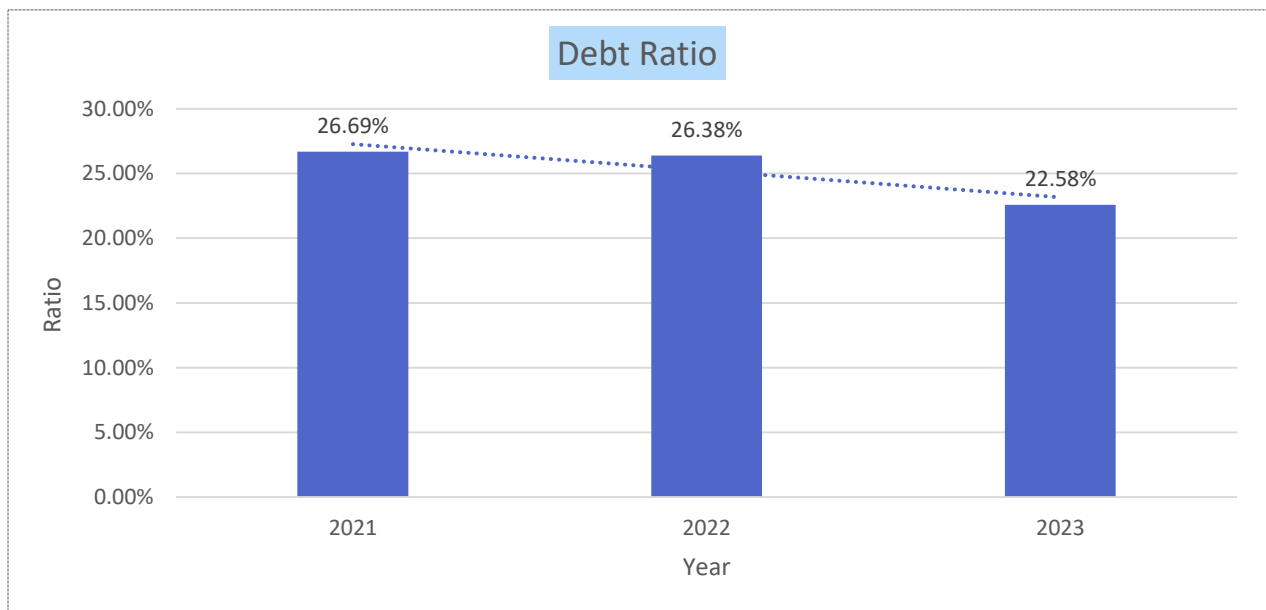
Looking at the efficiency ratio across the three years of this diagram, it is readily apparent that it is decreasing. This is a positive trend, suggesting that the company was able to improve its operational efficiency. In 2021, when the efficiency ratio was 95.3907%, the figure was quite high. High efficiency ratios generally indicate that this institution is spending a significant number of resources per the revenue it generates. However, both the 2022 and 2023 figures represent significant improvements as the efficiency ratio was lowered to 85.1733% and 78.1778% respectively. This suggests that the institution was able to lower its operating expenses or increase its revenue, or possibly both, in subsequent years. It is likely that the company is becoming more profitable.

2.5.2.3 Debt Ratio

Formula: Debt ratio: $(\text{Total Liability} / \text{Total Asset}) * 100$

2021	2022	2023
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$(59,902,078+92,838,519)/$ $572,329,467 = 0.2669*100 =$ 26.69%	$(60,035,093+106,300,991)/$ $630,525,891 = 0.2638*100 =$ 26.38%	$(55,109,623+105,167,820)/$ $709,849,968 = 0.2258*100 =$ 22.58%
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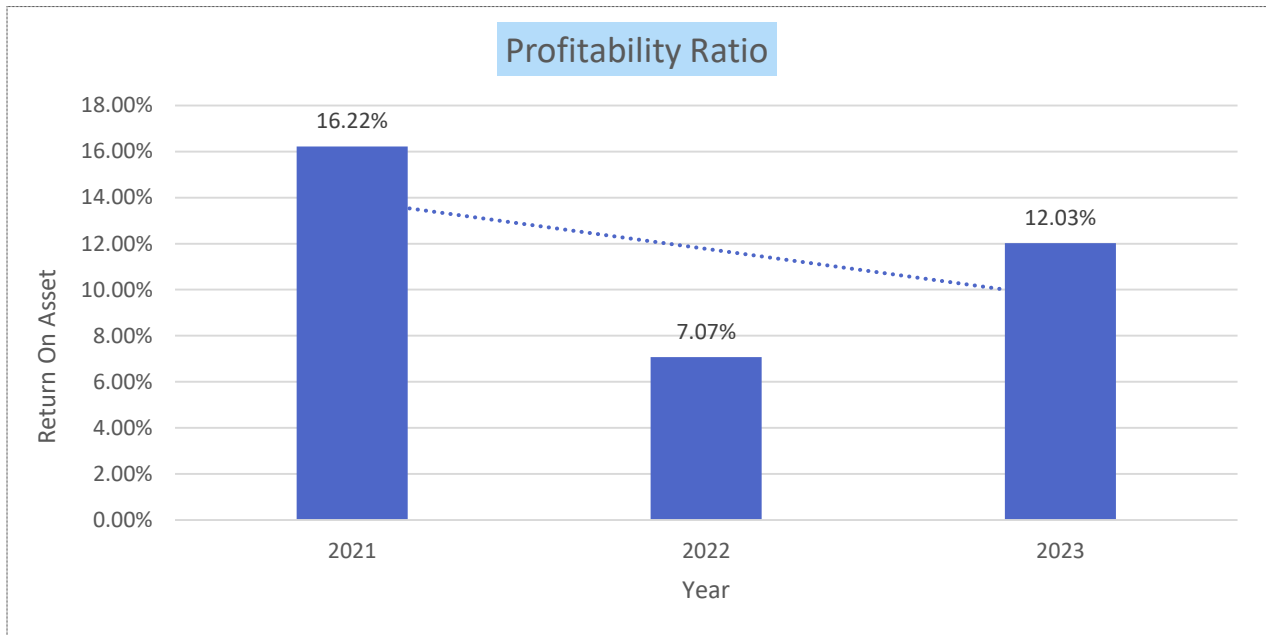


In the above diagram, we can see that the debt ratio has been decreasing from one year to another throughout three years from 2021 to 2023. It indicates that fewer assets were financed through debt year to year. In other words, this institution is less reliant on borrowed funds over time. In 2021, it has a debt ratio of 26.69%. Thus, that year, approximately 26.69% of this institution's assets were financed through debt. In 2022, the value provided decreases slightly and amounts to 26.38%. Thus, either the amount of debt used became slightly reduced or the level of asset accumulation has risen without a proportional increase in liabilities. The latter may be caused by more efficient cash management, repayment of debts to reduce the outstanding obligations from one year to another, or growth of the asset value due to new acquisitions. Finally, in 2023, the ratio admits to amounting to 22.58%, which represents the most significant decrease. Thus, the proportion of either debt or total assets (or both) has become smaller. That is a positive sign of financial health, as this institution is now less leveraged. Overall, a situation where fewer assets are covered by borrowed money is beneficial since high debt ratio implies a higher risk level.

2.5.2.4 Profitability Ratio:

Formula: Return on Asset: $(\text{Net Profit}/\text{Total Asset}) * 100$

2021	2022	2023
(92,838,519/572,329,467)	(44,601,836/630,525,891)	(85,381,819/709,849,968)
*100 = 16.2217%	*100 = 7.0737%	*100 = 12.0281%



From this figure, it is evident that there is a considerable fluctuation in the profitability ratio over the three years. This means that there are changes on how effectively this institution can generate profit from its resources. In 2021, there is a high ratio of profitability which is 16.2217%. This indicates that this institution was more effective in generating profits from its resources during 2021. There is a high likelihood that more revenue generated since there is no increment in expenditure which contributed to the high ratio of profitability. In 2022, there was a decrease to 7.0737%, and this is a significant decline in profitability. This possibility contributed to a number of reasons. It can be attributed to an increase in other expenses other expenses often at times above or the same as that of the first year, an increase in expenses of this institution, or an expansion in the asset base of the company without being accompanied with a proportionate increment in net income. However, in 2023, there is an increment to 12.0281%, which indicates a recovery from the previous year, but it is not as high as 2021. For to be achieved, there was a possibility that the costs of this institution were effectively managed or revenues were increased.

2.6 Operations Management and Information System Practices

2.6.1 Operations management

The primary operation of ACNABIN chartered accountants is to provide statutory audit services to a large business customer. Aside from that, the organization provides tax and consulting services in areas where operation is not necessary. In such instances, companies take a direct approach to serving their clients. The operating organogram of ACNABIN is the following:

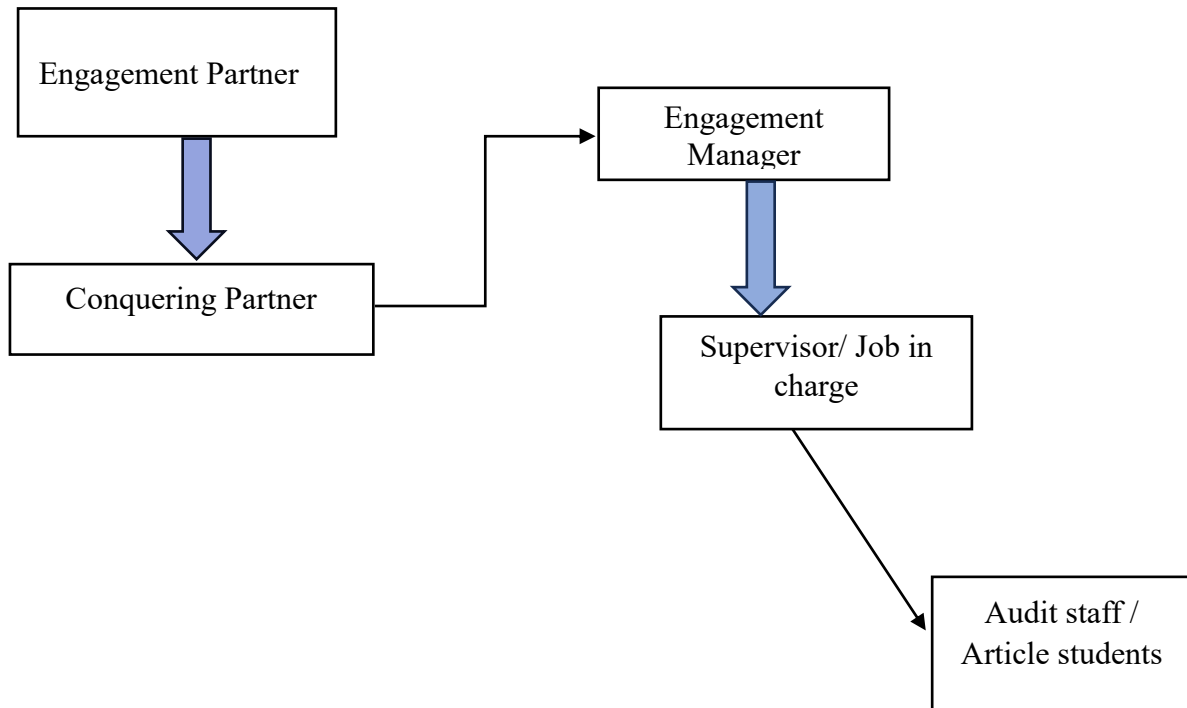
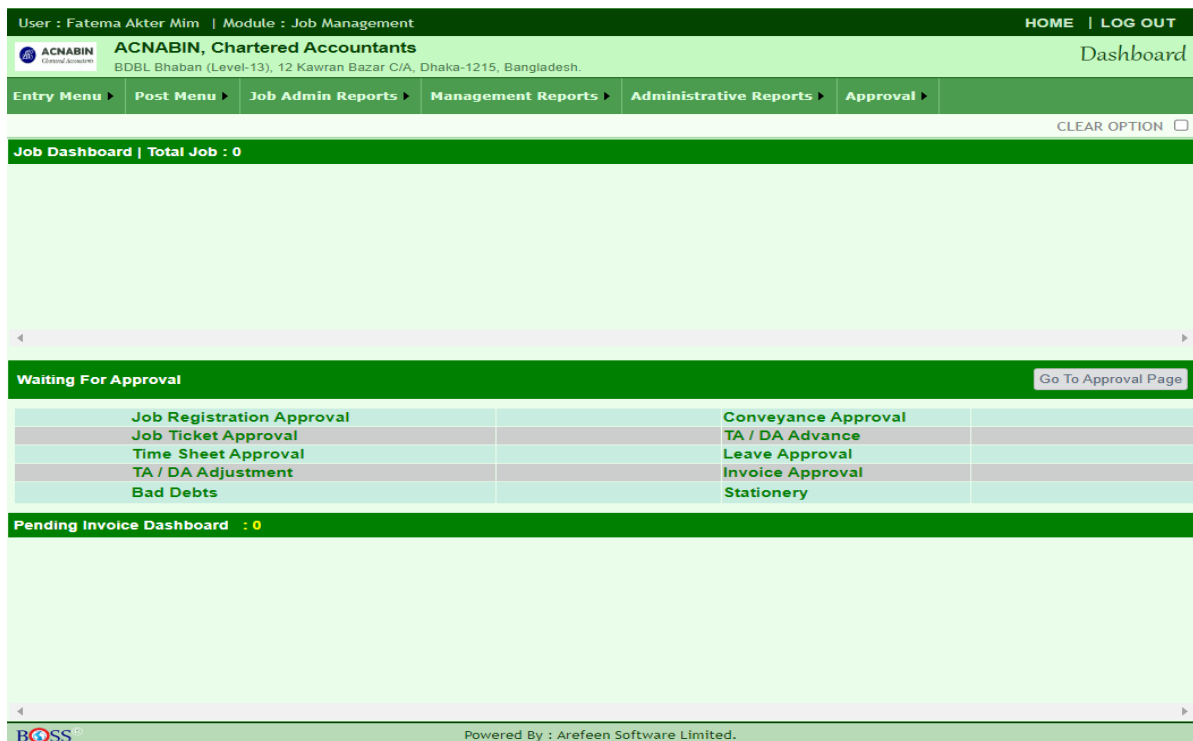


Figure 4: Operating flow

From the above diagram, we can understand that to conduct an annual audit, the firm must follow this operating flow. To begin with, the firm's partner commits to the firm and conquers the partner with an engagement procedure. Afterwards, the conquering party has to pass the audit responsibility to the engagement manager who splits the assignment for the job in charge or supervisor. Lastly, the job in charge will split the task among the senior article students or audit associates.

2.6.2 Information System Practices

ACNABIN's information system techniques are highly rigid. They can handle their employees well. They created a Software “Boss” for documenting their everyday activities which is the ERP system (Enterprise Resource Planning) of ACNABIN. Each employee of the organization receives their ID and password from the administrative office. To record an employee's activities, they must submit a timesheet with customer information presented. The timesheet is recommended by the employee's management. Later, a partner approves the time sheet. Following acceptance of the timesheet, an employee can provide their working information. Every employee of the organization must record their everyday activities in that program. Employees must update their working status; otherwise, they will be unable to obtain allowances and salaries from the organization. By following these principles, management can readily track the employee's actions. This working detail is reviewed by the management and recommended to the partner. When the partner approves the workings, the employee can request for allowances. This program is also used for submitting leave



applications.

Figure 5: ERP system

2.7 Industry and Competitive Analysis

2.7.1 Competitive Analysis with porter's five forces of ACNABIN

1. **Threat of new entrants (High):** The auditing service industry has been in constant flux with every year new CA firms forming with a motive to give better quality of auditing service. Rahman Anis & Co. is one of the new CA firms that are quite prominent to be a good rival industry. Such presence is a great threat for ACNABIN to retain their clients.
2. **Threat from substitutes (Low):** The threat of replacements is low. For an organization, chartered accountant services are a specialized service that requires the assistance of qualified professionals. While non-chartered accounting firms can provide identical services, the quality will differ.
3. **Bargaining power of suppliers (Medium):** Suppliers have medium bargaining power. A chartered accounting business in Bangladesh relies heavily on human resources, which they recruit in the form of articleship students. Since the demand to be a chartered accountants is higher, firms may hire those who are more qualified.
4. **Bargaining power of Buyers (High):** In this business, I believe buyers have high bargaining power. Clients have the choice of selecting their preferred firm from among the several accessible CA firms in the market, resulting in considerable bargaining power. Clients can also negotiate pricing and job deadlines, which makes businesses less flexible and increases their burden.
5. **Rivalry among competitors (High):** Competitors compete strongly in the chartered accountancy sector. In Bangladesh, a few companies have very strong brand identities. For example, Hoda Vasi Chowdhury & Co., Syful Shamsul Alam & Co. These businesses not only compete fiercely among themselves as well as newly founded enterprises but are continually delivering quality services and keeping the market competitive. Almost 167 accounting companies operate in this nation. As a result, this industry has a high level of competition.

2.7.2 SWOT analysis of ACNABIN

Strengths:

- A well-known and valuable brand, as well as a supportive learning environment.
- Works with well-known clients including Bangladesh Bank and Robi.
- In addition to standard audits, it offers consulting, advising, and risk management services.

Weakness:

- Dependence on large clients for revenue.
- Slow registration process for newly articulated students due to high demand for registration. This lengthy wait period may dissuade students from joining the company.
- In comparison to some of its competitors, it is behind the times in terms of technology, particularly office computers, which are essential for everyday operations.

Opportunities:

- Increase social media engagement and digital marketing.
- Implement data analytics to improve decision-making.
- Bangladesh now has a developing SME sector, providing ACNABIN with the potential to operate in this market and expand its client base.

Threats:

- Growing rivalry from both newer and larger organizations, which may impact price and client retention.
- Since ACNABIN exclusively deals with local clients, any negative influence on the country's economy might hurt their earnings.
- Developments in automation through artificial intelligence may represent a future danger. Currently, there are several examples of AI creating a financial statement without error. When AI grows stronger, it has the potential to represent a significant danger.

2.8 Summary and Conclusion

As one of the industry's top firms, ACNABIN has a significant presence in both the local and worldwide markets. All significant decisions for the firm are made by the partners. Furthermore, networking and recommendations are the primary sources of their marketing efforts. Because ACNABIN is not a publicly traded business, its financial statements and other data are secret, making it impossible to assess its financial success throughout the years. Information systems are maintained by ACNABIN's ERP system. In terms of Porter's five forces, new entrants provide a high danger, as do the bargaining power of buyers and rivalry among competitors. The threat of substitutes is low and finally, the bargaining power of suppliers is medium. The SWOT analysis identified the company's strengths, weaknesses, opportunities, and threats in terms of client base, technology, firm condition and environment, expansion into a new industry, rivals, automation progress, and so on. It is well-positioned in the market due to its reputable brand, supportive learning environment, and a large number of high-profile clients, such as Bangladesh Bank and Robi. Moreover, the company delivers diversified services, including consulting and risk management. However, the firm may potentially have a vulnerability in terms of revenue stability due to the high concentration on a few major clients. Additionally, the process of registration for new articulated students is slow at the moment. Finally, the firm has to update its technology since the current system can discourage capable workers from joining the company. Thus, to maintain a position at the top, ACNABIN needs to eliminate these threats.

In a nutshell, from its inception, ACNABIN has been a significant player in Bangladesh's accounting and auditing market. The firm's 38-year existence may be attributed to its ability to adapt to the competitive market. To preserve this strong position in the future, adequate attention must be placed on removing vulnerabilities, mitigating dangers, and capitalizing on any opportunities.

2.9 Recommendations/Implications

Concentrating on my experience of working at ACNABIN and the SWOT analysis, I propose the following recommendations:

- One way to protect itself from the risk of depending on a few larger clients is to diversify the scope of clients. In other words, rather than going for the larger enterprises, the firm could consider targeting smaller ones. This would not only help in getting more clients, but it may also project the firm into innovative, newer areas which some larger clients may not require since their internal setups might be already catering to these services. For instance, there may be niche markets in Bangladesh that require accounting and auditing services but the current client base may not require, inquiry into these areas.
- To protect the firm from the risk of not getting enough students to join ACNABIN as the articulated students for CA, it could consider generating interest by upgrading the modern facilities. This area needs a better registration system in which the students have to wait for the whole day to get registration. Some other solutions could include digitalizing the registration where all the documents may be received online and once the verification is done, through a well-established system, the registration could be done within minutes. The firm may also consider employing more staff in CA PE-1 registration counters during the peak time of registration.
- **Upgraded Laptop or Computer:** While working at ACNABIN, I noticed that many of the computers had outdated hardware and struggled to run Excel effectively. It is difficult to generate financial statements or perform other demanding tasks when the computers offered are insufficiently powerful. To protect the firm from the risk of not subscribing to modern technology, it is high time to go for modern technology. The firm should consider upgrading its computer system and software packages in the office. It should consider going for the cloud-based accounting and audit tools which will enable the firm to have access to data easily and securely, thus, enhancing the productivity of a given staff. The firm management should consider carrying out sensitization to the team on productivity over the time consumed.
- **Increase Social Media Engagements:** ACNABIN needs to be more active on social media platforms. Their last Facebook post was in December 2023. Because the majority of our country's population uses Facebook, reaching out to them will be easy if they become more active on social media.

- **Upgrade Workplace Furniture:** ACNABIN's present chairs and tables are out of date and do not provide enough comfort and usefulness. In addition, there is inadequate seating to accommodate students. I suggest upgrading the workplace furniture for a better work atmosphere and providing enough chairs for everyone.

Chapter 3: Project Part: The Role of Audit in Detecting and Addressing Discrepancies and Compliance Issues of Clients and Improving Financial Transparency and Accountability.

3.1 Introduction:

In this chapter, I will analyze the main topic in detail. The topic of this project is to find out The Role of Audit in Detecting and Addressing Discrepancies and Compliance Issues of Clients and Improving Financial Transparency and Accountability.

3.1.1 Background Information:

Considering the increased complexity of the financial market in the modern world, internal and external auditing has become more important for the integrity and transparency of financial reporting. Audits are essential in the process of identifying possible discrepancies and anomalies in the financial practices of an organization. Thus, such services are especially important for ACNABIN CA, one of South Asia's premier professional services firms that serve both public and private companies across various industries around the globe.

Auditing is a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events. One of the most important purposes of an audit is to provide an independent and objective examination of the financial statements and make sure they are free from material misstatement and comply with the law. Internal audit has an additional goal of evaluating and improving the effectiveness of the risk management, control, and governance of an organization. Internal audit departments examine and evaluate the soundness of an organization's internal control over financial reporting, accounting, and operations. An external audit is a critical examination of unbiased financial information, as it is conducted by certified independent auditors, who are responsible for verifying the findings and offering an opinion on whether the company's financial information is an accurate representation of its value. Such auditing ensures external stakeholders such as regulators, investors, analysts, and the public in general trust in the financial condition of an organization.

It is important to note that discrepancies in financial reporting information could result from multiple reasons, such as human error, fraud, and lack of adequate internal controls, and compliance issues are often related to not following specific industry standards or the law. For stakeholders, proper handling and resolution of such discrepancies is important for the long-term sustainability and stable growth and development of an organization. ACNABIN's CA auditors identify these discrepancies and present them to their clients for follow-up and resolution. The financial information that companies publish needs to be transparent to the clients and stakeholders and auditors help reporting entities to correct the discrepancies thus enhancing accountability and governance. I also believe that in the modern world of increased transparency and inter-reliability stakeholders' expectations of fair and ethical business practices become even more significant and transparent financial reporting seems to be essential to meet these expectations. In addition, as the modern financial market relies more upon technology, and financial reporting becomes digital in all aspects, I think that some cybersecurity threats might influence the interpretation of the information contained in the financial reports. To mitigate this risk, ACNABIN CA auditors should understand the possible implications and risks that are present in the process of conducting an audit and access possible risks of cybersecurity impact on data they must protect on behalf of the client.

3.1.2: Objectives:

Primary Objective: The primary objective is to know the role of (internal and external) audits in detecting and addressing discrepancies and compliance issues of clients and improving financial transparency and accountability.

Specific Objectives:

1. Description of the internal and external audit process of ACNABIN,
2. Detection of discrepancies and compliance issues (with real-life examples/cases),
3. Improvement of financial transparency and accountability,
4. Assessment of the impacts of cybersecurity threats on the audit process in ACNABIN.

Secondary Objectives:

1. Description of the audit process of Bangladesh,

2. Evaluate the importance of auditing in Enhancing Corporate Governance,
3. Investigate the relationship between the weaknesses in auditing and fraudulent activities.

3.1.3: Significance of the Issue:

Audits are vital as they aid in exposing and remedying clients' discrepancies and compliance problems. They increase financial transparency, thereby supporting a culture of transparency and accountability. This concern is quite significant since financial fraud has devastating consequences for the institutions it affects, investors, and the nation at large. For these reasons, both internal and external audits play an integral role in the fight against these threats. Moreover, the ICAB reveals that internal audits are a practice used by practitioners to assess as well as make progress in their firms' risk management processes, control, and operational and governance processes. This helps plug weaknesses that could provide environments for fraud. External audits are conducted by independent auditors. They are important to stakeholders as they offer an unbiased third-party evaluation of an entity's financial presentations. In effect, external auditors ascertain the accuracy and completeness of these financial statements. There are fundamental factors that link transparency and accountability to audit concerns.

Certainly, financial statement users have little to no use for financial reports riddled with material fraud. Financial results are only viable when they accurately state all entailed elements. For instance, they need to be comprehensive and free from material misstatements. They should reflect a demonstrable and true view of any item's financial situation. In the earliest years of this millennium, fraud was the biggest problem facing entities relying on forensic accounting for audits. Now and for the foreseeable future, stakeholders are victims of wholesale stealing of their electronic information. Frauds who are digital thinkers cannot even be called robbers since hardly any robbers match their ill-gotten gains. Ultimately, transparency is characterized by financial reports that accurately portray an item's financial situation. They highlight all key activities equally.

According to the ACFE (Association of Certified Fraud Examiners), accountability can be defined as a situation where individuals, organizations, and communities are responsible for their involvement in financial and corruption matters. Therefore, accountability is an important concern

for audit-related processes. Both internal and external auditors must ensure their players remain accountable during and after their audit processes. The digital age presents modern-day audit players with insecure electronic channels. They must then be able to hold their clients and other stakeholders accountable for any financial misstatements that emerge in reports auditors helped assess.

3.2: Methodology:

For this study, I gathered my information from both primary and secondary sources. In terms of primary sources, my data was mainly obtained from my interaction with professionals in their respective fields. For instance, I gathered information from my consultant who had secured the title of chartered accountant at a prestigious organization. Moreover, I spoke to the firm's administrative personnel at their offices in the head office. Knowledge acquired from the past interns at ACNABIN was of great importance. As far as the secondary sources were concerned; I sourced data from the firm and ICAB Internet sites. Moreover, I used the Google Scholar search engine for my scholarly study. Articles, journals, and internship reports also enabled me to collect and analyze the data.

3.3: Findings and Analysis:

3.3.1: The process of Audit:

In conducting its internal audit and external audit, ACNABIN commits to prevent financial fraud and ensure and transparent structure of finance. Exhibits Continuous improvements of internal auditing while approved by the firm itself and gives independent assurance on the reliability and consistency of financial statements.

3.3.1.1: Internal Audit Process:

Internal auditing is an honest, independent assurance and consulting operation aimed at adding value to and enhancing the operations of an organization. It helps the company in achieving its

objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The internal auditing procedure is described below:

1. **Planning:** The internal audit process starts with a planning stage in which ACNABIN's audit team discovers high-risk areas inside the organization. This includes understanding the client's company, evaluating the internal control environment, and establishing audit goals. Assume ACNABIN is inspecting a commercial client's management of inventory structure. In the planning phase, the internal audit team determines that inventory reduction (losses caused by stealing, destruction, or mistake) poses a major risk to the customer. To solve this, they established a goal to assess the efficacy of inventory controls.
2. **Execution:** Internal auditors gather and analyze data in this stage, as well as evaluate internal controls and assess financial and operational procedures. The audit procedures are intended to discover any flaws in the control systems and areas in which there may be a possibility of corruption or inefficiency. During execution, internal auditors evaluate data on inventory and conduct physical inventory counting at multiple store locations. They also examine the procedures for monitoring merchandise from receipt to sale. If there are differences between physical counting and the books of inventory, this could demonstrate a weakness in inventory management, for instance inadequate documentation or theft.
3. **Reporting:** The internal audit results are documented and shared to management. The report contains observations, recognized threats, and recommendations to improve internal controls and procedures. After doing the field investigation, the auditors discover that the client's inventory process lacks proper segregation of responsibilities, which means that the same individual is in the position of purchasing, acquiring, and documenting inventory. This raises the danger of deception. The auditors propose that these responsibilities be given to separate people to limit the risk of deception and enhance inventory management.

4. **Follow-up:** After the audit report is produced, ACNABIN's internal auditors monitor the implementation of the proposed changes. This promotes ongoing improvement and enhances the organization's regulatory structure.

3.3.1.2: External Audit Process:

External audit is the independent examination of the financial statements by an external auditor to express an opinion on whether such financial statements provide a true and fair view of the company's financial position.

1. **Engagement and Planning:** It commences with the auditor being appointed and the establishment of the terms and scope of the external audit and its objectives. Here, the auditor identifies the areas at risk of material misstatements and draws the audit plan.
2. **Risk Assessment and Control Testing:** Here, the auditors at ACNABIN review the internal controls of the client on areas with higher risks of material misstatements resulting from errors or frauds. They do tests to determine the effectiveness of these controls.
3. **Substantive Procedures:** These include rigorous testing of transactions and balances, analytical techniques, and other audit methods that collect enough audit data to back up the auditor's opinion. Substantive processes are critical for detecting any major mistakes or fraud in financial accounts.
4. **Reporting:** The auditor creates an audit report that presents a judgment on the financial statements. If the financial statements do not contain material errors, the auditor will provide an unqualified (clean) opinion. If problems are discovered, the report may contain qualifications, disclaimers, or negative comments.
5. **Follow-up and Communication:** After the audit report is produced, there may be interaction between the auditors and the client's management about any issues discovered. External auditors may also monitor the execution of suggestions; however, this is not as structured as the internal audit process.

3.3.2: Detection of discrepancies and compliance issues:

In the part of detection of discrepancies and compliance issues, I was involved in two scenarios and I got other scenarios from the interview of articleship students.

Scenario 01:

Tax Evasion through Underreported Revenue and Overstated Expenses

ACNABIN's client, a medium manufacturing firm, wished to lower its tax liability. To accomplish this, the corporation was involved in financial deception by underreporting income and overstating costs. This is a type of financial deception called tax evasion, in which the corporation presents a lower profit to reduce its tax responsibilities.

Fraudulent Practices Used by the Client:

1. **Underreporting Revenue:** The organization neglected to register all sales in its books of accounts. Some transactions were either not documented at all or registered at a lesser value than the real sale.
2. **Overstating Expenses:** The organization exaggerated its expenditures by registering fraudulent transactions, exaggerating actual expenses, or establishing bogus vendors to whom payments were made. This presented the impression of larger operational costs, which reduced the organization's taxable income.

bills, purchase orders, payment receipts, and the like. The auditors found that the company spent money in a variety of dubious ways and found that many of the bills were exaggerated far above the actual cost. These inflated costs were then used by the company to commit tax fraud and decrease the amount of revenue reported.

4. **Data Analytics:** When working with financial data, the auditors likely employed several data analytics techniques. ACNABIN used data analytics to track the company's spending trends, which revealed that the amounts of money spent on some purposes sharply increased compared to the previous year. Similarly, irregular cash flow patterns could be detected by examining the data, showing that the money paid to the firm was inconsistent with the reported income.

ACNABIN Recommends the Following Prevention Mechanisms:

1. **Strengthening Internal Controls:** ACNABIN recommended that the customer should strengthening its internal controls by increasing oversight of revenue record-keeping and cost tracking. To avoid fraud, high-level management should confirm all financial transactions by cross checking them and the company should conduct regular internal audits to discover any discrepancies.
2. **Duties Segregation:** To prevent future fraud, ACNABIN likely recommended splitting the duties related to financial transactions. Namely, the person providing clearance should not be the same one in charge of executing the transaction. In this way, no single person has control over all aspects of a transaction, and the risk of fraud is reduced.
3. **Better Training and Awareness:** Finally, an additional stopgap measure likely suggested by ACNABIN was slow to staff training about the right financial practices and regular fraudulent activity awareness training. By educating the employees about the legal and ethical consequences of financial fraud, the organization can potentially cultivate a more fraud-averse culture.

short period, which was incongruous with the organization's customary purchasing practices. This anomaly triggered a detailed look into the transactions that resulted in the quick loss of membership points.

2. **Purchase Record Evaluation:** The auditors evaluated the purchase records associated with membership point redemption. They traced many small purchases within donated membership points back to the original bills and orders for purchase and assessed their validity. Such analysis revealed multiple cases of the use of membership points for purchases, which did not meet the regular procurement of the organization's policy of 20,000 membership points. Additionally, the analysis of the transactions also showed entities with insufficient management approval.

3. **Cross-checking between the Purchase Records and Cash as well as Accounts Receivable:** While auditing the internal operations of the company, auditors cross-checked the purchase records for the given period between the receipts of cash and the accrued accounts receivable to ensure that the purchase of all items was recorded. It was discovered in the process that the purchases made via the exclusive membership points of the corporation were recorded in the purchase records, whereas did not have an equivalent entry in the cash record nor any accrual in the payable accounts record, which is unusual in the ordinary business operation. It thus implied that the transaction did not involve a net cash outflow nor an outward credit sale.

The outcome of the Detection:

- **Reporting:** As a result of the detection, ACNABIN formed a comprehensive audit report that identified how membership points were abused for personal expenses and the lack of matching entries in any financial records. The research recommended stricter procedures in the area of purchase in addition to stronger controls over the management of membership points.

- **Client Response:** Because management obtained an audit report, the response was quick and addressed the target. Specifically, the organization fired the employee that took advantage of the point scam, and legal action was undertaken to recover the value of points that were used for personal purchases. Moreover, the organization evaluated all internal procedures, and necessary changes were introduced to make sure that such situations never reoccur in the future.

Scenario 03:

Overpayment of Value Added Tax

ACNABIN's auditors discovered that a certain company had been depositing VAT in excess to the government exchequer. The best process the auditors used to know of the wrongdoings the company was doing in the depositing of the VAT is as such. The ACNABIN's auditors began the process of transacting returns across the company and the sales of the company. A further mandatory cross-checking of the company's tax sales was conducted by the auditors. These responsible auditors did this by going further into the internal sales invoices and later compared the amounts of the VAT which were declared in the company's VAT returns but later crosschecked the company sales, which included the sales of the company's goods and services. The auditors discovered that the company was declaring larger VAT amounts than those that were reflected in the sales of the company. If the return is BDT 60,000, then the sales invoices will be to the tune of BDT 50,000. This mostly led the acquirer to overpay the VAT amount due to the errors that occurred in payment. The ACNABIN's auditors also talked to the employees of the company and discovered that the employees used the wrong parameters when calculating the VAT of the sales of goods and services by the company.

Detection Process:

ACNABIN's auditors evaluated the reconciliation process of the company's sales ledgers and VAT records. They matched the company's sales document to whether the company's VAT

payment to the government matched the company's real sales and purchases from the section of the documents provided. Moreover, the process was either inadequate or not being implemented, the fact which allowed errors to be overpaid to go undetected. There was no process of carrying out a periodic reconciliation of VAT liability that was carried out and VAT payments. No reconciliation was done calling for the allowance of overpayment of tax.

Measures for the Excess VAT Payment to be Resolved:

- **Filing for VAT Refund or Adjustment:** The auditors' report recommended that the company should provide the VAT official with an urgent application for VAT refund or adjustment. The Egyptian VAT Act and regulations allowed overpaid VAT by the company to file for a VAT refund with a tax authority. The company should demonstrate the payment of the VAT, maintaining the proper VAT returns. The company was to do the compilation of the documents audit and tax staff related to the stages of obtaining a refund. Inclusion in document preparation were the sales invoices and VAT sample base documents involved in the refunds. However, to support the documents including receipts that were used in the payment of the excess VAT.
- **Improvement on the VAT Calculating and Keeping Documents:** ACNABIN recommends that the company use the most efficient part of calculating its real VAT. The calculation processes should be reviewed and use internal implications control and valuing and invoicing.
- **Training of the accounts section:** The company was to train the accounts staff to acquire the required services in applying the correct VAT levels and keeping documents.
- **Calculations of VAT on an automatic system:** the company was to carry out the valuation of the accounting parts following the computer programs.

- **Reconciliation:** The company had to use the regular reconciliation parts, especially in the cases of sales and purchases.
- **Resolution:** ACNABIN suggested that a yearly indoor audit should be carried out internally for the organization to review VAT transactions and discrepancies in the tax charges since they must have their tax remitted to the government on time. This will ensure that there is no error with the system of payment being discussed by them. The company can ensure that it is properly compliant by calling a system for the indoor audit so that errors can be detected in the system.
- **Having Clear Defined Role and Accountability:** ACNABIN recommends that the role of calculation and that of the reporting of VAT charges within the finance team should be reported to different individuals at the time of remittance to the Bank since it is in them that the VAT demographic charges are discussed or deposited.

Scenario 04:

Mismatch Between Ledger and Bill of Entry: Advance Income Tax (AIT)

When auditing a client company, ACNABIN's auditors found a mismatch between the ledger and the bill of entry regarding the advance income tax totaling BDT 84,046.

How the Auditor Detected the Issue:

Reconciliation of Ledger Entries with Bill of Entry:

In the course of auditing the company, ACNABIN's auditors reconciled the company's ledger with the official customs documents for imported goods or the bills of entry. At that, they compared the AIT amount indicated in the company's books with the AIT stated on the bill of entry. In effect, the auditors identified the mismatch. The amount of AIT in the ledger was BDT 84,046 higher than AIT of the same bill of entry. Therefore, it was possible to conclude that the overstatement occurred in recording the information in the ledger.

Review of Documentation and Recording Process:

The auditors analyzed the paperwork, including the customs papers for the goods, as well as invoices and payments. They traced how the amount of AIT was calculated and recorded in the company's financial books. The analysts determined that the error took place during the recording, and the AIT for the bill of entry would record an incorrect number in the ledger. The overstatement of the amount might have occurred when their specialists did the data entry manually, as well as due to errors in the totaling of the AIT according to the bill of entry.

Measures to Resolve the Mismatch:

- **Correction of Ledger Entry:** To resolve the issue, the auditors advised the company to reduce the amount of AIT in the ledger by BDT 84,046. If done so, the financial books of the company and customs records for the goods would converge in terms of the AIT amount. That correction must be implemented by passing a journal entry to reduce the AIT expense and adjust it to the correct number specified on the bill of entry.
- **Strengthening the Reconciliation Process:** Concerning reading AIT and tax-related ledger entries against customs data, it was advisable to arrange for more effective cross-checks.
- **Automating Data Entry:** The company could benefit from employing automatic systems that would upload the data indicated on the bill of entry directly to the ledger to avoid human data-entry errors. Their employees should schedule routine reviews of the customs and tax calculations to ensure that the ledger is not far off from the official counts.
- **Employee Preparation and Behavioral Patterns:** To ensure that inaccurate overstatements do not occur again in the future, they need to properly train their employees in data-entry discipline. Employees must understand that if they enter the wrong number in the AIT treasury receipts, the company's financial books will provide an incorrect recording of the tax expenses.

Scenario 05:

Non-compliance with Law: Leave Policy Issue

The auditors of ACNABIN during an audit discovered that the leave policy of a client was not compliant with the Bangladesh Labour Act, 2006. It was about the insufficient number of annual leave, sick leave, and maternity leave granted to the employees.

The issue detection process:

Review of Leave Policy Documentation: First, the auditors reviewed the company's leave policy, where the number of annual, sick, and maternity leave for the employees was prescribed. After that, it was compared with the requirements of the Act on Bangladesh Labour, 2006. It has been discovered that the company's leave policy prescribed the employees a lesser number of annual days than required by law, the maternity leave was less than 16 weeks, and the sick leave wasn't favorable too.

Employee Records Examination: Besides that, the auditors also compared the employee leave records of the company with the company's leave policy and the provision of the Law on Bangladesh Labour, 2006. They checked if the employees were given exactly the number of days of leave provided by the company's leave policy and the Law. It has been found out that some of the employees were granted fewer days of leave than they should have been by law. This could create risks for the company in terms of legal and monetary implications.

Steps to Be Taken to Eliminate the Non-compliance:

- ACNABIN advised the company to update the leave policy urgently according to the requirements of the Law on Bangladesh Labour, 2006. It should prescribe the employees the minimum number:
 - 1) Annual Leave: Not less than 10 days of paid leave in a year,
 - 2) Sick Leave: At least 14 days of paid leave,
 - 3) Maternity Leave: 16 weeks of payment both before and after childbirth of the female employees,

- The company's HR should consult with the lawyers to verify if the changed leave policy is compliant with the requirements of the Law, on Bangladesh Labour, 2006, and should timely inform the changes to the employees.
- The company should implement regular partial compliance checks and conduct internal audits concerning the HR policies, including the leave policy. For these aims, it should implement a system implementation of which HR reviews the leave policy and the employees' records at certain timewise intervals according to the Law, on Bangladesh Labour, 2006.
- The company should inform the employees of the changes in the leave policy and their legal rights concerning that. This can be done via the organization of workshops, several large-scale email chains, and regular updates of the employees' handbook. On this basis, the employees would know their rights and revolutions and would timely claim their rights.

3.3.3: Improvement of Financial Transparency and Accountability:

ACNABIN's audits aim to enhance financial transparency and accountability. This involves ensuring that the financial statements are accurate, complete, and presented in a way that stakeholders can rely on.

- **Improving Disclosure Practices:** One way in which the company helped its customers to enhance their disclosure practices concerned the client's maintenance of related party transactions which were not properly disclosed to the public and were not revealed in the client's financial statements. Based on the existence of the data and discussions with the client's audit committee, the company advised its client to add more descriptive comments for the related party transactions, resulting in investor confidence in the company's responsibility and transparency for its actions.
- **Improving Internal Controls:** Also, the company assists its customers in improving the internal control systems to ensure that the financial transactions are properly and accurately reported. The company identified several weaknesses in a manufacturing company's control environment, one of the flaws being the proper management and

tracking of the client's inventory. The corporation had been inadequately reporting inventory losses, which hampered the accuracy of financial accounts. Partnership with the firm and strengthening of internal controls, such as more regular inventory counts and paperwork, ensured more accurate financial statements and financial accountability on the part of the management. The development of a compensation policy that encouraged the growth of the business was the additional tax consequence of the partnership with the firm.

- **Conducting Regular Internal Audits:** ACNABIN recommends that the customer conduct regular internal audits if they have an outstanding financial transparency and accountability situation. A customer in the retail business used to conduct an annual internal audit. After being convinced by the advantages of a quarterly carrier cycle during the discussions with ACNABIN, the customer started conducting internal audits quarterly. The major benefit of the quarterly audit cycle was that the organization was able to identify and correct mistakes very early. For example, the reported sales statistics were found to be incorrect and were corrected by three weeks. This led to accurate financial statements and greater responsibility among the heads of departments.

3.3.4: Assessment of the Impacts of Cybersecurity Threats on the Audit Process:

Interestingly, a study presented by Kost (2023) that claims phishing attacks are the most common type of cyber risk. This is because it is hard to detect phishing emails. Moreover, Kost (2023) also claims that financial sectors are targeted 90% of the time with a phishing email being the initial cyber threat. In addition, Kost (2023) also states that in the year 2021, phishing saw a 22% increase in just 6 months. Furthermore, financial apps saw a 38% increase during the same period. Another cyber risk that is part of the top 2 threats for the finance and accounting industry is DDoS (Distributed Denial of Service) attacks, as claimed by Kost (2023). The financial industry is on the top 3 most targeted list for DDoS attacks between 2020 and 2021. In addition, between the years 2019 and 2020, there was a 30% increase in DDoS attacks in the financial service sector. Password login attacks also saw an increase during this period.

Overreliance on digital systems has raised an accosting concern that cybersecurity poses a risk to the confidentiality of financial data and the process of auditing itself.

1. **Data Security Risks:** Cybercrime puts at risk the financial data that is pertinent to the audit process. Therefore, cybersecurity threats can either lead to unauthorized access, manipulation, or destruction of the corresponding data. ACNABIN was examining a financial services organization when they traced a hack that had compromised the client's financial records. Hackers manipulated the transaction records and this could lead to major financial misstatements if the change were undiscovered. ACNABIN auditors applied forensic accounting skills to examine and rectify the tampered data and then issue an unmodified opinion.
2. **Other Access and Availability issues:** Cyber-related challenges might make some data unavailable during the audit process. For instance, ransomware attacks might lead to the encryption of the corresponding data and hence make it inaccessible to the examination team. As it happened, a client in the healthcare sector was also attacked by data kidnappers. All their financial information was encrypted and rendered inaccessible to the audit team. ACNABIN collaborated with the client's Information Technology department and had to use their backup to access the auditable data some days after the due date. These delays were a wake-up call to all the parties to always preserve data integrity and implement appropriate backup systems.
3. **Increased IT deployment:** Cyber-security being a sensitive matter, claims that businesses are progressively employing complex IT systems, and this, by far, makes the audit process weightier than before. For example, ACNABIN was carrying out an audit for a technology firm that integrated online financial systems. In this audit, the auditors had to go beyond the analysis of financial transactions to the establishment of the corresponding security systems that had been implemented to protect these online financial systems from cybercriminals. As a result, we had to collaborate heavily with their IT personnel to facilitate the process.
4. **Regulatory and Compliance Challenges:** Regulatory and Compliance Challenges: Cybersecurity standards are becoming more stringent because noncompliance may result in penalties as well as an interruption in the audit process. Once, ACNABIN

audited a customer who are subject to GDPR because the client operates in the European Union and lacks adequate security for their data, making them vulnerable to noncompliance. The move was to counsel the customer on the necessity to change their data protection policies and procedures to make them compliant with GDP and care for breaches that would jeopardize the audit process.

3.3.5 Audit Process of Bangladesh

In the recent past, ICAB has made a summary audit procedure as follows: planning, collection of evidence, control and record, opinion, and review which in AP four steps are to be found. In the quote below Bangladesh Standards on Auditing emphasizes the necessity of the standard documentation of the client's planning note. It describes the methods, procedures, and programs that are employed in the business, and the details of how they audit the customers employed. On the other hand, planning documents may comprise the organization nature of business, strategies the company employs to carry out the business, the risks involved, and the impact likely to affect the business. This includes what the auditor does to review the business. Moreover, by physical examination, confirmation, inspection, analytical procedures, inquiries, recalculation, performance, and observation audit evidence is collected. Further, evaluation of the collected evidence is based on assessment and recorded data and documents. Finally, at the end of the debate between the management and the auditor about the audit report, the managing partner of the firm may review the report to issue a final opinion. According to the AP's four steps, the Audit Practice Manual suggests that:



Figure 08: Audit Process of Bangladesh

1. Planning:

The phase of planning plays the most important role, as it sets the baseline for the whole audit. Its objectives include getting acquainted with the peculiarities of the client's business, the industry

where the company operates, and its environment in general. This concept also involves the preparation of the auditor's response to the risks identified, and that respective preparation should be conducted based on the risk assessment. Thus, the planning preparatory phase is used to determine how the business is generally conducted, where problems are most likely to arise, and what the adequacy of the company's internal control systems is. Therefore, planning should be based on defining how the auditors need to reduce potential business risks in order to perform an efficient and focused audit, seeking to establish that there is no material misstatement.

2. Collection of Evidence:

In the second phase, auditors collect the necessary evidence by several means such as sampling, tests, verifications, physical inspections, confirmations, and analytical procedures. The purpose of this phase is to assess whether the evidence the auditor has collected is adequate and appropriate for his opinion. The auditing sample size and method of selection are vital as they will have a direct impact on the reliability and sufficiency of the evidence collected. It is at this phase that the auditors proceed to calculate the degree of accuracy in the audited financial information provided by the client. It is through this step that auditors gain an understanding as to what extent the financial statements can be relied on.

3. Controlling and Recording:

This phase is the taking of the audit evidence by the auditor where he will attempt to evaluate the evidence to infer to the financial status of the company. Auditors will look upon it in terms of the inherent and control risks the company is facing both from its business environment to how its control systems operate to identify any misstatements of the financial records. Proper documentation and control will be used when dealing with the managing of the audit evidence to ensure the audit trail is recorded and supported by existing and verified data. This will provide sufficient groundwork to assist in determining whether the financial records provided a true and fair view of the auditing company's financial position.

4. Review and Opinion:

This is the final stage of the auditing process that involves the review of the conclusions drawn by the auditor promptly and consistently supported by the audit evidence. Audit report forms will be used to compare with the audit objectives to ensure sufficient evidence has been collected to cover every objective. After the audit findings have been reviewed properly and all the questions answered to the satisfaction of the client, the audit partners proceed to make an opinion. The audit

opinion is usually drafted in the audit report. The report will be shared with the business owner, managers, and board of directors to give their feedback. The audit opinion released will state whether the audit agrees that the financial records are free from material misstatement.

3.3.6 The importance of auditing in Enhancing Corporate Governance

In the document “Corporate Governance and the Audit Process”, the author makes a detailed explanation of the role that auditing plays in reinforcing companies’ corporate governance systems. Specifically, although such factors related to corporate governance as the structure and function of boards of directors or the audit committees have long been recognized and acknowledged to provoke the audit process in certain terms, the significance of some criteria and aspects of corporate governance has often been underestimated or not accented on. Particularly, the rules of professional ethics and standards have neglected to underline directly how auditors need to take into account corporate governance issues.

The insights provided in the document allow deriving several key points. First of all, auditing provides for transparency and accountability. In other words, as a result of the process, there is a high likelihood that the stakeholders receive a true presentation of the company’s financial position. Since one of the biggest problems of corporate governance is the growing gap between owners and management, transparency is a highly valued aspect of good governance. Second, it also contributes to enforced management oversight. This effect is achieved because internal auditors inspect the activities of managers and, as a result, they have an incentive to improve financial discipline and maintain high standards of honesty. Following the same logic, the role of the board and the audit committee is enhanced because it receives access to the company’s financial records and can more effectively perform its function. One significant insight concerning these two subtopics is that internal governance structures, including the audit committee, can often be compromised by its relationship with the management. Therefore, it is important to enforce insulation between the auditors and the managers. Besides, the author underlines that the adequacy of the committee size and experience is critical in this process.

In addition, auditing helps to identify governance weaknesses. One way of implementing this strategy is involving the auditors in examining a company’s conformance to a certain code of good governance. However, there are other ways of understanding to what degree specific

organizational systems are effective. Last but not least, auditor conduct helps to ensure regulation. In other words, this staff is an important element of the overall control performed by a state over a company. Commonly, the financial position of every entity in a country is regulated, and non-compliance can lead to various legal consequences. An auditor is an additional warranty that these laws will be obeyed.

3.3.7 The relation between the weaknesses in auditing and fraudulent activities

The document “The effect of audit quality on fraud reduction” presents an essential view on the relation of the quality of auditing and the number and degree of fraud committed by participants in an organization. In this way, the study demonstrates the negative effect in the auditing processes and it draws the clear line between them and the fraud level (Khan et al., 2023).

The purpose of auditing is usually to find and exclude discrepancies and fraudulent activities of the inspected company. The document presents the logic of the failure in the operations that was not a mistake but was a real threat (Khan et al., 2023). Thus, it can be said that any weaknesses in the audit can result in the fraud performed by the organization.

Weaknesses in Auditing:

Weaknesses in auditing include the lack of carefulness in performing an audit, the lack of achievements of new technologies, the lack of independence of auditors and adherence to the standards of conducting the audit procedures. These weaknesses can result in several other vulnerabilities:

1. **Inadequate Detection:** Weak audit fails to identify fraud activities and the errors in the financial statements. It can increase the chances of increasing fraudulent activities done by the organization.
2. **Lack of Independence:** If the auditor is not independent, the auditor may get in collusion with the manager and try to cover up his findings to keep the client’s company as a customer at least, allowing fraudulent activities to grow unchecked.
3. **Lack of expertise:** If the auditor is not expert in auditing, he or she may fail to identify the fraud activities in the report. The effect of these weaknesses on the formation of the

fraud environment can increase the chances of increasing fraudulent activities done by the organization.

4. **Ineffectiveness of Audit Committees:** The process of audit in Bangladesh is often undermined by the ineffectiveness of audit committees. Typically, they should exercise some supervisory role regarding financial reporting and internal controls. However, audit committees in many cases have no power or expertise to question management or have an impact on the audit. For example, many Bangladeshi companies, including major banks, have no financial experts as members of their audit committees. Therefore, they lack the competence required to audit complex financial reports and question the management regarding its questionable financial practices. This is why this company's audit committee ignored the way inappropriate accruals were used in accounts to manipulate the financial situation.
5. **Professional Development and Ethics:** The knowledge of professional accountants has become outdated but they receive little to no professional and ethically oriented development, so many of them would not know what new standards to use in the presence of new information. For example, auditors who work on the text above were not trained for IFRS 8 and did not know that it required some serious disclosure, so the company did not disclose one-half of its report and did not include such new interests as actual cash flow.

3.4: Summary and conclusion:

This project aims to understand the role of audits in detecting and addressing discrepancies and compliance issues of clients and improving financial transparency and accountability. It focuses on the internal and external audit processes of ACNABIN, focusing on continuous development and risk management within the firm. Internal auditing involves planning, execution, reporting, and follow-up to identify high-risk areas and improve internal controls. External audits provide independent assurance of the accuracy and dependability of financial statements. In a case study, ACNABIN's client engaged in tax evasion through underreported revenue and overstated expenses. The company used fraudulent practices such as underreporting revenue and overstating expenses to reduce its tax liability. The project also examines the impacts of cybersecurity threats on the audit process in ACNABIN. The

findings will help improve financial transparency and accountability, as well as identify potential fraud mechanisms. ACNABIN auditors conducted an audit of a retail organization, identifying a fraudulent scheme involving the misuse of membership points for personal gain. They found a significant difference between the recorded and real inventories, indicating underreported income. They also conducted a cash count to confirm cash balances in the financial statements. They also examined the company's spending statements, revealing unusual spending patterns and inconsistencies in cash flow patterns. ACNABIN recommended strengthening internal controls, dividing duties related to financial transactions, and holding regular training sessions for staff on ethical financial practices. The audit resulted in a comprehensive report, emphasizing the importance of stricter oversight and stronger controls over membership point management. The organization's management responded quickly, firing the employee implicated in the scam and taking legal action to recover the misappropriated points. ACNABIN audits aim to enhance financial transparency and accountability by ensuring accurate financial statements, improving disclosure practices, and improving internal controls. They have found that companies with better disclosure practices, better internal controls, and regular audits can improve financial reporting, build trust, and ensure accountability among department leaders.

3.5 Recommendations:

1. Use automated checks and approvals to limit the risk of discrepancies and compliance issues. This involves dividing jobs into essential financial procedures so that no single person has too much power over transactions.
2. Use advanced data analytics technologies to track and detect odd transaction trends that might suggest fraudulent activity. To keep up with emerging fraud strategies, update fraud detection systems regularly.
3. Conduct frequent internal audits, focusing on high-risk areas, to guarantee continuous financial reporting compliance. This assists in the early investigation of potential deception and assures that internal controls are operating properly.
4. To improve transparency in financial reporting, provide full disclosures, particularly for related party transactions and important estimates/judgments. This will increase stakeholder confidence and accountability.

5. Invest in improved cybersecurity measures to safeguard financial data from breaches and unwanted access. Regularly update and test security protocols to avoid cyber-attacks that might jeopardize the audit process.
6. Give staff frequent training on ethical financial procedures, fraud prevention, and the need for accurate financial reporting. Increased knowledge and education can considerably lower the risk of internal fraud.
7. Upgrade office infrastructure, including furniture, to provide a comfortable and efficient work environment. Ensuring suitable and practical furniture can boost productivity and successfully accommodate staff and students alike.

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Appendix




The Institute of Chartered Accountants of Bangladesh Statement of Financial Position

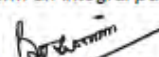
As at 30 June 2023


Figures in Taka


Particulars	Notes	As at 30 June	
		2023	2022
Assets			
Non-current Assets			
Property, plant & equipment	3	138,420,737	63,292,326
Right-of-use assets	4	9,855,369	4,927,679
Investment property	5	17,121,013	17,708,737
Intangible assets	6	2,806,160	3,832,223
Advances and deposits (non-current portion)	7	22,484,657	82,722,296
Total Non-current Assets		190,687,936	172,483,261
Current Assets			
Inventories	8	2,738,308	3,298,996
Receivables	9	30,678,971	25,147,005
Advances, deposits and prepayments (current portion)	10	12,421,302	9,399,709
Short-term investment in Fixed Deposit Receipts (FDRs)	11	437,753,907	284,114,955
Cash and cash equivalents	12	35,569,544	136,081,964
Total Current Assets		519,162,032	458,042,629
Total Assets		709,849,968	630,525,891
Funds and Liabilities			
Funds			
General fund	13	373,695,292	313,312,477
Land and building fund	14	176,877,233	150,878,229
Total Funds		549,572,525	464,190,706
Long-term Liabilities			
Employees' gratuity fund (non-current portion)	15	50,153,654	51,168,072
General scholarship fund	16	-	8,867,021
Lease liabilities (non-current portion)		4,955,969	-
Total Long-term Liabilities		55,109,623	60,035,093
Current Liabilities			
Grants received in advance	17	2,517,517	2,517,517
Payables & accruals	18	22,687,218	13,337,365
Advance fees, rent & deposits	19	56,083,541	68,770,787
Employees' gratuity fund (current portion)	15	3,276,000	3,219,200
Payable to ICAB-Members' Welfare Foundation (IMWF)	20	1,325,000	2,765,263
Members' welfare fund	21	14,747,608	10,734,008
Lease liabilities (current portion)		4,530,937	4,955,951
Total Current Liabilities		105,167,820	106,300,091
Total Funds and Liabilities		709,849,968	630,525,891

The annexed notes 1 to 43 form an integral part of these financial statements.



COO & Acting CFO


Chief Executive Officer


Vice President



President

Signed as per the annexed report of the same date


Sukanta Bhattacharjee FCA
Auditor

DVC: 2312121550AS468512

Dated: 09 December 2023


Md. Raghob Ahsan FCA
Auditor

DVC: 2312120689AS878581

The Institute of Chartered Accountants of Bangladesh Statement of Income and Expenditure

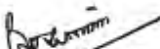
For the Year Ended 30 June 2023

Figures in Taka

Particulars	Notes	As at 30 June	
		2023	2022
Income			
Members' fees	22	46,142,100	41,927,900
Training & workshops		18,125,000	3,981,501
Income from academic services	23	235,141,906	176,106,468
Grant income	24	34,700,000	38,000,000
Income from events	25	21,763,348	9,363,088
Income from investment property	26	11,745,608	11,344,392
Interest on bank deposits	27	20,276,303	15,001,749
Reversal of provisions & liabilities	28	-	196,345
Other income	29	3,367,515	4,901,800
Total Income		391,261,779	300,822,233
Expenditure			
Members' services	30	8,716,638	4,754,378
Training and workshop expenses		7,229,509	1,930,071
Academic services	31	61,498,070	50,269,291
Expenses for MoU with universities		694,487	1,908,502
Events & programs expenses	32	28,649,349	10,720,944
Contribution to regional committees (DRC & CRC)	33	3,502,122	8,066,850
Administrative expenses	34	176,419,319	165,460,970
ICAB membership subscription & renewal fees	35	11,464,833	4,005,916
Media & branding expenses	36	2,193,688	1,559,059
Impairment & write offs	37	719,720	144,000
Other expenses	38	4,792,227	7,400,416
Total Expenditure		305,879,961	256,220,397
Excess of Income over Expenditure		85,381,819	44,601,836

The annexed notes 1 to 43 form an integral part of these financial statements.


COO & Acting CFO



Chief Executive Officer


Vice President


President

Signed as per the annexed report of the same date


Sukanta Bhattacharjee FCA
Auditor
DVC: 2312121550AS468612


Md. Raghieb Ahsan FCA
Auditor
DVC: 2312120689AS878581

Dated: 09 December 2023

The Institute of Chartered Accountants of Bangladesh


Statement of Financial Position


As at 30 June 2022

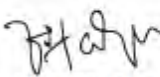
Figures in Taka


Particulars	Notes	As at 30 June	
		2022	2021
Assets			
Non-current Assets			
Property, plant & equipment	3	63,292,326	70,371,269
Right-of-use assets	4	4,927,679	-
Investment property	5	17,708,737	18,296,470
Intangible assets	6	3,832,223	604,013
Advances and deposits (non-current portion)	7	82,722,296	82,914,782
Total Non-current Assets		172,483,261	172,186,534
Current Assets			
Inventories	8	3,298,996	4,126,094
Receivables	9	25,147,005	19,529,100
Advances, deposits and prepayments (current portion)	10	9,399,709	4,923,230
Short-term investment in Fixed Deposits Receipts (FDRs)	11	284,114,955	260,934,833
Cash and cash equivalents	12	136,081,964	110,629,677
Total Current Assets		458,042,629	400,142,934
Total Assets		630,525,891	572,329,467
Funds and Liabilities			
Funds			
General fund	13	313,312,477	275,812,206
Land and building fund	14	150,878,229	143,776,664
Total Funds		464,190,706	419,588,870
Long-term Liabilities			
Employees' gratuity fund (non-current portion)	15	51,168,072	50,841,370
General scholarship fund	16	8,867,021	8,874,363
Relief fund		-	186,345
Total Long-term Liabilities		60,035,093	59,902,078
Current Liabilities			
Grants received in advance	17	2,517,517	2,517,517
Payables & accruals	18	13,337,365	14,956,038
Advance fees, rent & deposits	19	68,770,787	60,602,836
Employees' gratuity fund (current portion)	15	3,219,200	6,717,120
Payable to ICAB-Members' Welfare Foundation (IMWF)	20	2,765,263	1,652,000
Members' welfare fund	21	10,734,008	6,383,008
Lease liabilities		4,955,951	-
Other liabilities	22	-	10,000
Total Current Liabilities		106,300,091	92,838,519
Total Funds and Liabilities		630,525,891	572,329,467

The annexed notes 1 to 44 form an integral part of these financial statements.



Head of Operations & CFO


Chief Executive Officer


Vice President


President

Signed as per the annexed report of the same date


Sukanta Bhattacharjee FCA
Auditor
Dated: 26 November 2022

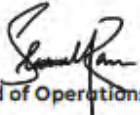

Md. Fazlul Haque FCA
Auditor

The Institute of Chartered Accountants of Bangladesh
Statement of Income and Expenditure
 For the Year Ended 30 June 2022

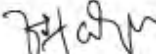
Figures in Taka

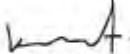
Particulars	Notes	As at 30 June	
		2022	2021
Income			
Members' fees	23	41,927,900	39,977,640
Training & workshops		3,981,501	5,011,219
Income from academic services	24	176,105,458	100,455,065
Grant income	25	38,000,000	28,000,000
Income from events	26	9,363,088	3,186,000
Income from investment property	27	11,344,392	11,944,742
Interest on bank deposits	28	15,001,749	16,690,333
Reversal of provisions & liabilities	29	196,345	1,358,928
Other income	30	4,901,800	1,676,009
Total Income		300,822,233	208,299,937
Expenditure			
Members' services	31	4,754,378	3,567,487
Training and workshop expenses		1,930,071	1,595,082
Academic services	32	50,269,291	32,991,667
Expenses for MoU with universities		1,908,502	-
Events & programs expenses	33	10,720,944	5,082,176
Contribution to regional committees (DRC & CRC)	34	8,066,850	120,000
Administrative expenses	35	165,460,970	143,584,849
ICAB membership subscription & renewal fees	36	4,005,916	3,137,507
Media & branding expenses	37	1,559,059	971,817
Impairment & write offs	38	144,000	4,860,097
Other expenses	39	7,400,416	2,788,125
Total Expenditure		256,220,397	198,698,808
Excess of Income over Expenditure		44,601,836	9,601,129

The annexed notes 1 to 44 form an integral part of these financial statements.


 Head of Operations & CFO


 Chief Executive Officer


 Vice President


 President

Signed as per the annexed report of the same date


 Sukanta Bhattacharjee FCA
 Auditor
 Dated: 26 November 2022


 Md. Fazlul Haque FCA
 Auditor

The Institute of Chartered Accountants of Bangladesh Statement of Financial Position

As at 30 June 2023

Taka in Thousand

	2022-23	2021-22	2020-21	2019-20	2018-19
Financial Position					
Fixed Assets	168,203	89,761	89,272	116,466	101,833
Advances and Deposits	22,485	82,722	82,915	85,004	86,572
Current Assets	519,162	458,043	400,143	338,483	388,452
Current Liabilities	105,168	106,300	92,839	68,013	70,614
Net Current Assets	413,994	351,743	307,304	270,470	317,838
Net Assets	604,682	524,226	479,491	471,940	506,244
Represented by:					
Land & Building Fund	175,877	150,878	143,777	135,219	126,956
General Fund	373,695	313,312	275,812	274,824	310,789
Employees Gratuity Fund	50,154	51,168	50,841	53,793	60,501
Scholarship Fund	-	8,867	8,874	7,917	7,812
Lease liabilities	4,956	-	-	-	-
Relief Fund	-	-	186	186	186
Total	604,682	524,226	479,491	471,940	506,244
Cash Flows					
Operating Activities	59,204	26,030	49,549	(60,920)	3,440
Investing Activities	(150,849)	(570)	(20,833)	15,125	(36,830)
Financing Activities	(8,867)	(7)	957	106	1,558
Cash & Cash Equivalent at Year-end	35,570	136,082	110,630	80,957	126,647
Income & Expenditure					
Income	391,262	300,822	208,300	211,525	262,715
Expenditure	305,880	256,220	198,699	235,369	263,186
Operating Surplus	85,382	44,602	9,601	(23,844)	(471)

The Institute of Chartered Accountants of Bangladesh Statement of Financial Position

As at 30 June 2022

Taka in Thousand

	2021-22	2020-21	2019-20	2018-19	2017-18
Financial Position					
Fixed Assets	89,761	89,272	116,466	101,833	100,210
Advances and Deposits	82,722	82,915	85,004	86,572	28,414
Current Assets	458,043	400,143	338,483	388,452	425,044
Current Liabilities	106,300	92,839	68,013	70,614	42,307
Net Current Assets	351,743	307,304	270,470	317,838	382,737
Net Assets	524,226	479,491	471,940	506,244	511,361
Represented by:					
Land & Building Fund	150,878	143,777	135,219	126,956	236,221
General Fund	313,312	275,812	274,824	310,789	212,120
Employees Gratuity Fund	51,168	50,841	53,793	60,501	56,581
Scholarship Fund	8,867	8,874	7,917	7,812	6,253
Relief Fund	-	186	186	186	186
Total	524,226	479,491	471,940	506,244	511,361
Cash Flows					
Operating Activities	26,030	49,549	(60,920)	3,440	(49,610)
Investing Activities	(570)	(20,833)	15,125	(36,830)	(20,348)
Financing Activities	(7)	957	106	1,558	(503)
Cash & Cash Equivalent at Year-end	136,082	110,630	80,957	126,647	158,479
Income & Expenditure					
Income	300,822	208,300	211,525	262,715	272,536
Expenditure	256,220	198,699	235,369	263,186	271,402
Operating Surplus	44,602	9,601	(23,844)	(471)	1,134