



Inspiring Excellence

Internship Report

Auditing: Present & Prospects

Submitted To

Mr. N.M. Baki Billah

Lecturer, BRAC Business School,

BRAC University, Dhaka

Submitted By

Md.Hasan-or-Rashid

ID: 14104091, BRAC Business School,

BRAC University, Dhaka

Date of Submission: August 14th, 2018



ACNABIN
Chartered Accountants

Letter of Transmittal

August 01, 2018

Mr. N. M Baki Billah

Lecturer

BRAC Business School

BRAC University

Subject: **Submission of Internship Report**

Dear Mr. N. M Baki Billah

With utmost pleasure and enthusiasm, I would like to handover the internship report on “Auditing: Present and Prospect”.

After completion of the academic studies, the internship program with ACNABIN Chartered Accountants has given me an insight of the real business world and how life of a Chartered Accountant looks like. I have been honored to be a part of their dynamic and energetic audit team.

The responsibilities and challenges I faced as a team player taught me to explore the untouched organizational skills of mine by allowing me to stretch the sponged abilities I possess. It was a great pleasure to work for one of the leading CA firms in the country which has a history of excellence.

I, therefore, express my humble thanks to you for your active cooperation, supervision and suggestions in preparing this report. Your effort to assess the report considering limitations of the study is highly appreciated.

Sincerely yours,

Md. Hasan-or-Rashid

ID: 14104091

BRAC Business School

BRAC University



Letter of Approval

This is to certify that Md. Hasan-or-Rashid; ID-14104091, a student of BRAC Business School; BRAC University has completed his internship period here at ACNABIN Chartered Accountants and has written the internship report titled “**Auditing: Present and Prospects**”, under my supervision. During his time he worked as an Audit Intern posted at our client’s office International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR) for the purpose of OMB Single Audit. I am pleased to notify that during his time here, he worked as an efficient team member by abiding by organizational and auditing rules and also accomplishing the tasks he was responsible for. However, the data and findings presented in this report seem to be authentic and well researched.

I wish and pray for his blissful journey ahead.

Mr. N.M Baki Billah

Lecture

BRAC Business School

BRAC University

Md. Sumon Sheikh

Senior Assistant Manager

Audit & Consultancy

ACNABIN Chartered Accountants

Acknowledgement

It has truly been an amazing journey with ACNABIN Chartered Accountants and the fellow colleagues & seniors there. I am truly delighted to submit this report after successful completion of three months of real life exposure in finance and accounting.

My deepest appreciation goes to honorable teacher and supervisor Mr. N.M Baki Billah for his reinless support and suggestions while preparing this report. My humble appreciation for being such an inspiration to me.

My sincere gratitude to Mr. Aminul Haq FCA, Partner, ACNABIN Chartered Accountants for giving me such an opportunity of becoming a member of a diversified team which is full if integrity.

I would share my utmost pleasure to work with Mr. Sumon Sheikh, Senior Assistant Manager, ACNABIN Chartered Accountants for being such a great leader and a mentor to have patience and believe on me for assigning the tasks and be there to help me and teach me proper way of delivering a best output. Without his relentless effort, time and suggestions it wouldn't have been possible to complete the internship at ease.

Last but not the least, I am grateful to my loving BRAC University as well as Office of Career Services and Alumni Relations (OCSAR) for being there and always giving me all out support to learn and reach out to the real business world and share the grandeur that I have achieved and learned from my four years here in BRACU.



Executive Summary

The report titled “Auditing: Present & Prospects” is the outcome of 12 weeks of internship program of BRAC Business School to qualify under-graduation. The program has helped to apply theoretical knowledge in the real life business exposure. This report will take you to the insights that been learned by concentrating on the details how ACNABIN Chartered Accountants practices auditing.

ACNABIN Chartered Accountants- an independent member of Baker Tilly International debuted me to the real professional world. ACNABIN has close tie with different national as well as international consulting firms for providing quality services. ACNABIN enriched with multi-talented as well as professional articled students and a dedicated workforce comprised of Chartered Accountants is serving to provide a world-class solution to its dignified clients.

However, on my term with ACNABIN, I was posted in International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR) an international health research organization located in Dhaka as an “Audit Interne” with a view to “Office of Management & Budget”-OMB Audit for the year ended 2017.

Moreover, in different parts of this report, concerned stake holders can expect to get an insight of Auditing, how ACNABIN approaches to OMB Audit (A special kind of audit required due to US government rules and regulations by following CFR-Code of Federal Regulation & Compliance Supplement), and future of audit and so on. In the first part we will have a glimpse of introduction and description of the project. In second part, I wrote about ACNABIN Chartered Accountants itself. On third part, we will look how audit is conducted in Bangladesh as well as how ACNABIN approaches audit on part four. The fifth part will lead you to what I learned and how I bridge my learning with work. The sixth part will talk about ICDDR and why their auditing is special. I will also talk about the future of auditing in the seventh part. However, during this whole process, I tried to figure out some situations and have posted some recommendations having a professional discussion with my supervisor on eighth part. And at the 9th and last point I summed up with an overall view.



Contents

CHAPTER-01	8
<i>Introduction</i>	9
<i>Project Description</i>	10
<i>Project Objective</i>	10
<i>Project Methodology</i>	11
<i>Limitation of the Project</i>	12
CHAPTER-02	13
ACNABIN.....	14
<i>Firm's Preface</i>	14
<i>History</i>	15
<i>Firm Profile</i>	15
<i>Vision, Mission, Strategy</i>	16
<i>Services</i>	17
<i>Client Industries</i>	19
<i>Organogram</i>	20
<i>Manpower Strength</i>	21
<i>Association & Membership</i>	22
CHAPTER-03	24
<i>Audit Procedure in Bangladesh</i>	24
<i>Definition of Auditing</i>	25
<i>Audit Procedures</i>	25
<i>Audit Procedure in Bangladesh</i>	26
<i>IFRS Convergence</i>	32
CHAPTER-04	33
<i>Audit Procedure of ACNABIN</i>	33
<i>Engagement Procedure</i>	34
<i>Audit Procedure</i>	36
CHAPTER-05	43



<i>Experience</i>	43
<i>Job Nature</i>	44
<i>Job Responsibility</i>	45
<i>Learning Outcome</i>	46
CHAPTER-06	47
<i>ICDDRB Audit Procedure</i>	47
<i>ICDDRB</i>	48
<i>Audit Procedure</i>	56
CHAPTER-07	61
<i>Auditing Prospects</i>	62
CHAPTER-08	66
<i>Findings & Recommendations</i>	67
CHAPTER-09	69
<i>Conclusion</i>	70
CHAPTER-10	71
<i>Bibliography</i>	72
CHAPTER-11	74
<i>Annexure</i>	74
<i>Cost Principle Check List</i>	75
<i>Checklist Questionnaire</i>	81
<i>Cash Management</i>	81
<i>M. Eligibility</i>	85
<i>Equipment & Real Property Management</i>	87
<i>Compliance Requirement</i>	91
<i>Schedule of Expenditures of Federal Awards (SEFA)</i>	94



CHAPTER-01

- ♠ ***Introduction***
- ♠ ***Project Description***
 - ❖ ***Objective***
 - ❖ ***Methodology***
 - ❖ ***Limitations***

Introduction

There is a saying that internships are the investments for future. It is such an investment whose fruits starts coming to hands right after being exposed to the fast paced real business world. Internships help more to get an insight about the career path I am after. In other words, it is test driving possible jobs and exploring different work environments and finding the right place to be in. Due to internships, we get an opportunity to meet the professionals, work with them, however, interesting with them we make some worthy connections that comes handy for future professional endeavor. Without a solid resume, getting ahead In the business world is challenging. By getting this opportunity to work with ACNABIN and auditing ICDDR, I have gained more confidence in having a fruitful professional conversation with experts and have met many national & international dignitaries. Meanwhile, the internship program has made me a master of time management as well as helped me to do multi-tasking, staying focused, working under pressure and meeting deadlines on time. What I learned in my term here is that internship is the foundation of career. It provides with building blocks that are required for future. Other than just being exposed to real business world, internships may become the first job. Employers use interns as their recruitment to for their potential employees and in many cases companies turn interns into full fledged employee's right after graduation. So, internship will not just another platform to debut in the business arena rather it is a sweet opportunity to land into the first job just by being a good learner.

Project Description

Project Objective

Internships are opportunities where we put all our academic learning into work but in the real business world it's quite dissimilar as different organization, different framework binds us to approach a project in a very different way. However, internships work to build base in your future career prospect hence having a real world experience through internship is quite mandatory.

Purpose:

- Debut to the real business world
- Bridge the gap between theoretical and practical exposure
- Getting introduced to organization culture, work ethic and work environment
- Becoming more confident in approaching complex issues
- Exposure to auditing and internal control
- Abiding by company as well as international auditing framework
- Hands on experience on auditing
- Opportunity for networking
- Creating synergy mixing with both company and client

Project Methodology

“Auditing: Now and Then”- an internship report is the work done with a view to reflect my learning’s as an intern at ACNABIN Chartered Accountants as well as a endeavor to expose how auditing is changing day by day and what will be the future of it. The information’s provided here are been collected from two sources mainly, they are:

Primary Sources

Secondary Sources

Primary Sources are:

- Audit items
- Compliance Supplement
- Code of Federal Regulation
- Audit Manual
- Securitized different files
- Interviewing Clients
- Observation

Secondary Sources are:

- Annual Audit Report as well as other financial report
- Accounting system (ERP)
- Publications
- ICAB
- Information's from Bangladesh Standards of Auditing (BSA)
- Online articles

Limitation of the Project

Despite of having a lot of opportunities to avail many facilities, a lot of hindrances were also there which I would be terming as limitations of this study. Some limitations that needs to be mentioned are:

- **Time**

12 weeks is the period where we had to complete our internship. Just within 12 weeks getting an in depth insight of a highly complex situation is a bit perplexing.

- **Firm Regulation**

As the company I preferred to get real world business insight works with the highly confidential files and accounts of their dignified clients, it is a big restriction to disclose or enlist any information which would have been helpful if put in this paper but couldn't be as per the firm's regulation as well as audit norm.

- **Limited Practice**

As my knowledge to approach business issues is limited hence I was given limited access to face complex situations which automatically limited my scope of work.



CHAPTER-02

ACNABIN

- ❖ ***Firm Preface***
- ❖ ***History***
- ❖ ***Profile***
- ❖ ***Vision, Mission, Strategy***
- ❖ ***Services***
- ❖ ***Clients***
- ❖ ***Organogram***
- ❖ ***Manpower Strength***
- ❖ ***Association & Membership***

ACNABIN

Firm's Preface

ACNABIN Chartered Accountants, a leading professional service company in finance and accountancy, is the name of trust, quality and professionalism has achieved it's posting in the market through it's incomparable qualitative services. It is one of the top ten Chartered Accountancy firm listed by Bangladesh Bank. ACNABIN is one of the top ten 'A' grade chartered accountancy firms of Bangladesh as ranked by Bangladesh Bank in 2017. ACNABIN is also included in the panel of 36 audit firms for conducting audit of listed companies, as announced by the Bangladesh Securities & Exchange Commission (BSEC).

ACNABIN's reach to global affiliation has provided it with international opportunities including training, information and knowledge to give top notch services to its clients. Currently the firm is an independent member of Baker Tilly International whose advisory network is represented by 126 member firms in 147 countries making it 8th largest accountancy and business advisory network in the world. Before Baker Tilly, ACNABIN Chartered Accountants was also associated with Arthur Andersen, LLP the than global leader giving professionals services until its closure in 2002.

ACNABIN Chartered Accountants is the name which is associated in serving the big names of different genre. The industries they have served are of Trade, finance, Banks, Micro-finance, Education, Health, Social Service, Agriculture, Research Facility, Public, Private and NGO sectors including Bangladesh Bank. A part from those, ACNABIN has also served various United Nations-UN agencies and other development partners. The firm has also been contacted to provide consultancy as well as audit services to different donor aided development projects and institutions like ICDDR, USAID etc. Many of the projects were funded by US government, World Bank, Asian Development Bank-ADB, United Nations Development Program-UNDP, UNICEF, UNFPA, World Food Program-EFP, CIDA, DFID, FAO, ILO, NORAD, SIDA, USAID, UNCDF, ODA, European Commission-EC, LEF/DWS, KfW-Germany, BftW, GTZ, Stromme Foundation, CARE International, DANIDA, Save the Children and so on. Moreover,

ACNABIN possess sufficient manpower as well as logistic support to carry out research and plan implementation which undoubtedly makes the firm a competent enough to serve high end clients, which is why ACNABIN is also an enlisted auditor of USAID and European Commission.

History

ACNABIN was born on February 1985, with a mission to add value by aiding clients through their services to succeed. The firm is in public practice for more than 33 years now. With an aim to create an environment for sponging leadership qualities as well as an atmosphere for constant development, learning and mutual help, the firm was borne. Since the inception, with the efficient outputs, the institution has earned its position in the market along with making global affiliations. Now, the firm has 10 leaders whose proficiency in audit, review, consulting as well as consultation is making the firm a more dynamic and professional services hub. All the partners have many years of experience of working in Bangladesh and with international consultants and organizations operating both locally and internationally.

Firm Profile

Firm Name	ACNABIN Chartered Accountants
Date of Registration	15th February 1985
Address	BDBL Bhaban (13th and 14th Floor), 12 Kawran Bazar C/A, Dhaka-1215
Phones	(+88-02) 41020030 to 35
Fax	(+88-02) 41020036
E-mail	acnabin@bangla.net
Web	www.acnabin.com
Branch Office	House # 734, Road # 26, CDA Residential Area, Chittagong.



Vision, Mission, Strategy

Vision:

“We go beyond the traditional auditor and client relationship by becoming your Trusted Business Advisor.”

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.”

Strategic Intent:

“We want to become trusted leader in the market ensuring highest level of professional ethics and competencies. While securing safe & trusted position in the market for financial institutions, telecommunications, foreign branch & liaison offices and NGOs/NPOs, we still see wider space for us to get involved in other sectors in the country and in the region.”

Values:

“We are passionate about helping our clients, while at the same time developing our people Potential.”

“Our 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.

Services

A wide genre of services are been provided by ACNABIN Chartered Accountants to its clients in private as well as public sectors across the country. Other than national perimeter, ACNABIN is also capable of serving international development clients following their own way of regulations.

The services offered are:

- Statutory audit
- Internal audit
- Special audit
- Management audit
- Performance audit
- Financial review
- Accountancy
- Taxation-Individual, Company, Bank, Branch Offices, Liaison Offices
- Accountancy and Management Training
- Company Formation and Secretarial Work
- Investigation of Frauds and Irregularities
- Setting up Branch Office and Setting up Liaison Office
- Companies' registration with Board of Investment, Ministry of Industries, etc.
- Work permits, visa, security clearance of expatriates
- Bank accounts opening for foreign clients
- Obtaining permission from the central bank regarding inward and outward remittance
- Obtaining trade license, factory license, Import Registration Certificate, Export Registration Certificate, Bonded warehouse facility, VAT registration, Membership of Trade Association/chambers, etc.
- Services for business initiation, drafting rent/lease agreement, recruitments of staff, etc.
- Preparation of manual and policy guidelines in respect of finance, accounts, internal control, Inventory, procurement, operation, administration, human resources, etc.
- Services relating to fixed assets management, inventory management, etc.
- Services regarding share issue, right issue, initial public offering, prospectus, etc.
- Outsourcing of accounting services, payroll, internal audit, etc.



- Helping clients in adopting international and local accounting standards
- Tax planning and tax management of expatriates
- Business plan developments
- System development
- Feasibility study of projects
- Management consultation/development
- Due Diligence Review
- Data processing with computers
- Privatization consultancy (includes pre-privatization review, restructuring, valuation in particular and privatization assistance in general)
- Company acquisition, merger, spin off, amalgamation, etc.
- Liquidation and windingup of companies
- Micro-finance consulting
- Human Resource Development Issues
- Organizational consulting services
- Designing computerized systems for MIS and accounting and its implementation
- Share/business/asset valuation
- Other services as per needs of the clients.



Client Industries

Manufacturing & Trading

- Apparel
- Chemical Processing
- Engineering
- Cement
- Fabricated Products
- Pharmaceuticals
- Jute Goods
- Garments
- Textiles
- Food & Beverage

Commercial Services

- Courier & Cargo
- Hospital
- Airlines
- Hotel

Finance and Banking

- Bank
- Investment
- Insurance
- Capital Market
- Security

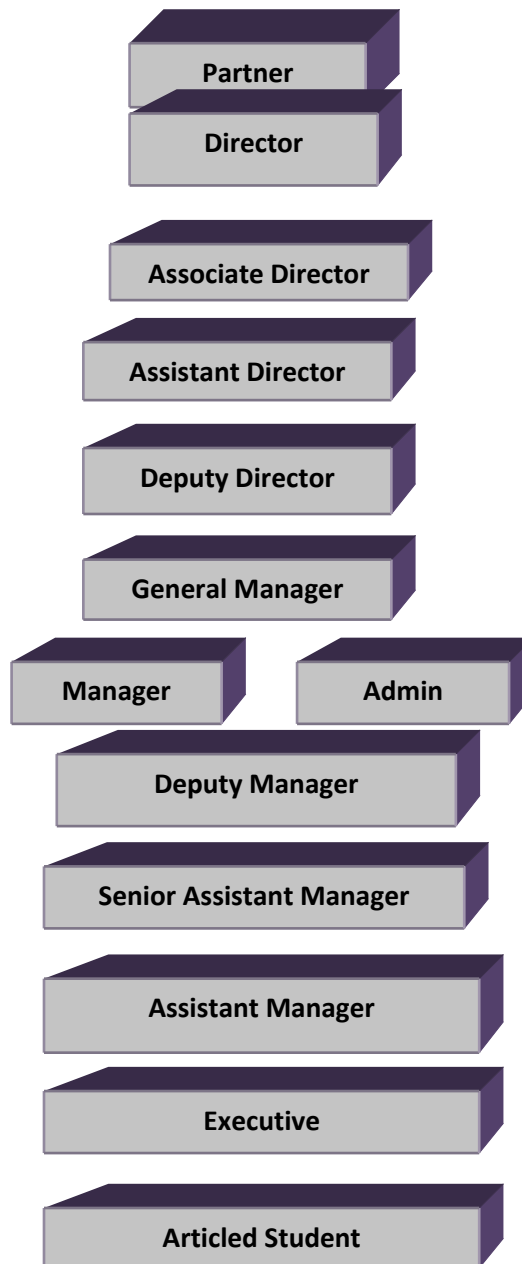
Energy & Telecommunication

- Oil & Gas
- Power
- Telecom
- Mining

Non-Profit Organization

- NGOs
- Charitable Organization
- University
- Foundation
- Club

Organogram





Manpower Strength

Serial	Personnel Designation	Number
1	Partners	10
2	Professional Staff:	
	Qualified (CA & ACCA)	18
	Part Qualified/ CA Course Complete (CC)	53
	Other Professional Staff	35
	ACCA Staff	14
	Lawyers	2
3	Articled Student:	
	Registered	218
	Probationary	17
	Prospective	53
4	ACCA Trainee	54
5	Supporting Staff	22
	Total	496

Association & Membership

Associations

(a) Affiliation with International Auditing/Accounting Firm

ACNABIN is an independent member of **Baker Tilly International**, 8th largest network in the world with 145 independent member firms in 110 countries.

(b) Relationship with International Accounting Firm

(i) Formerly associated with ASNAF-ASEAN Accounting Firms, Singapore since 18 February 2003 to 2010.

(ii) As an authorized representative firm of former Andersen SC until July 2002 ACNABIN has adopted Technical Manuals, global best practices knowledge-base and commitment to serve client. We have had many enquiries from the then Andersen's clients abroad. Services already provided to the clients include:

- Due diligence review
- Joint venture enquiries
- Business valuation
- Tax advice
- Statutory Regulations
- Establishing Business Presence
- Liquidator/Official Receiver
- Secretarial Services



(c) USAID, EC and CIDA Enlisted

In 1993 United States Office of Regional Inspector General/Audit, Singapore enlisted the firm to perform financial audits of USAID fund recipients in Bangladesh. The firm is also enlisted by the European Commission and Canadian International Development Agency to conduct financial audit of the recipients of their fund.

(d) Collaboration with other consulting firms

ACNABIN has been able to establish close working relationship with many national and international consulting firms in Bangladesh through its efficient and dedicated services. ACNABIN has thus enriched its professional base for serving the clients' interest in the best possible manner.

Membership

- (a) Metropolitan Chamber of Commerce and Industries
- (b) The Dhaka Chamber of Commerce & Industries
- (c) American Chamber of Commerce in Bangladesh.



CHAPTER-03

Audit Procedure in Bangladesh

❖ ***Definition***

❖ ***Procedures***

Definition of Auditing

Auditing is an integral part of a company's effort in maintaining transparency. The purpose of the audit is to identify whether the records are maintained properly or not maintaining country regulations. It also helps the company itself to understand whether its' internal control strong or not and/or appropriate measures that are required to take in order of smooth operation. As defined by the economic times of India, "Audit is the examination or inspection of various books of accounts by an auditor followed by physical checking of inventory to make sure that all departments are following documented system of recording transactions. It is done to ascertain the accuracy of financial statements provided by the organization".

Audit Procedures

Audit is done in a very sequential form. It is done by the examinations of client records by the auditor. The audit process varies from client to client due to its objectives, type and engagement. The process includes understanding the particular client's environment, conducting the auditing procedures and tests, appraising the audit results, and communicating the results to interested parties.

The job of the auditor is to evaluate the data's and information's that are presented before him whether are logical and reasonable or not. Procedures include physical assessment of the assets, collecting independent confirmations from external parties, internal control evaluation, reviewing management activities and so on.

Audit Procedure in Bangladesh

Institute of Chartered Accountants of Bangladesh-ICAB regulates as well as guide all the chartered accountancy hence audit firms in Bangladesh. The dignified organization has provided Audit Practice Manual to follow and conduct audit. Audit Practice Manual (APM) has suggested four steps to say precisely to conduct an audit. They are:

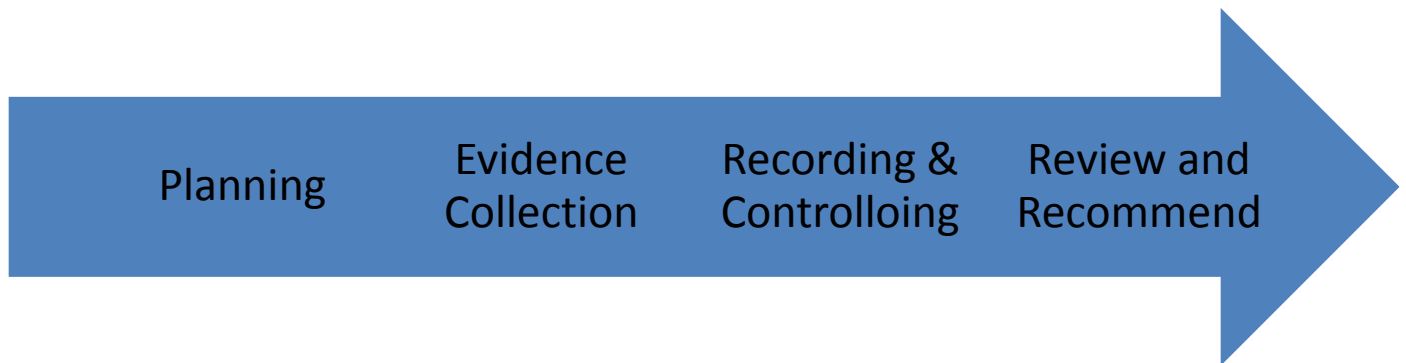


Figure: Audit Process



1. Planning

There is a saying in management that, if planned properly half of the work is done. To make a disciplined approach to conduct audit in obedience with Bangladesh Standard of Auditing (BSA) as well as Audit Practice Manual (APM) documentations needs to be reviewed in order to find discrepancies.

There are basically two important reasons to plan properly and they are:

1. To fulfill requirement of Bangladesh Standard of Auditing
2. Key element of conducting through investigation

However, in addition to reviewing documentation, the auditor needs to plan client-specific planning and approach. The auditor can also take under consideration:

1. What the entity does
2. Business Conducting Ethics and Norm
3. Risks and important issues
4. How audit should be performed

These are not only the matters to be concerned of rather there are hundred others that should be taken under consideration which varies from client to clients.

❖ Assessment of risk and materiality

The assessment of risk and materiality are two important aspects of planning. In fact, assessment of risk is the core point at the BSA. On the other hand, the APM approach audit risk interacts with materiality and population value to determine sample sizes.



❖ **Analytical View**

Making an analytical review is useful for gathering audit evidence. Things that should be included are:

- ✓ A preliminary analytical review
- ✓ An extensive analytical review
- ✓ A final analytical review

❖ **Test of Control**

The BSA suggests to look closely the internal control system of the companies unlike the old times making it an option. However, the auditor in addition to concentrating on internal control may choose to test effectiveness of controls making it more effective audit merely depending solely on substantive procedures.

- ✓ Evaluate company control design and implementation of control rules
- ✓ Not staying on enquiry; further steps like physical inspection or documents and substances and/or tracing of transactions should be done.
- ✓ Compliance testing

2. Collection of audit evidence

Several ways are there to collect audit evidences. They are described below:

❖ **Audit Sampling**

How many items should be put to test is always a debatable question. So, it is better decision to design and implement tests on the items that are relevant to the client. Tailoring or drafting of programs using the APM as an aide-memoire is therefore encouraged. However, any potential sample must represent the whole population as well as should be large in size to enable credible conclusions to be formed.

❖ Error Evaluation

Errors found through the tests should be evaluated to determine the impact on the population.

3. Controlling & Recording

This section provides detailed guidance on the use of the documentation, including the way in which the forms should be completed of the preparation of a well-documented audit file.

❖ Risk Assessment

Audit risk is present in any audit opinion on financial statements. Elements of audit risk include those arising:

- ✓ From the business environment in which the entity operates;
- ✓ From the operation of the entity's control system;
- ✓ From the failure of audit procedures, including "sampling risk"

❖ General Risk Assessment

General risk comes from the commercial and regulatory environment where the company operates. Also the business risk the company has as well as the integrity of management. The thorough assessment of the general risks would determine the total vulnerability of the company. The higher the risk is, the lower the audit risk that the auditor is willing to take and the greater the audit assurance that is needed.



❖ **Materiality**

BAS 320.3 reiterates the following definition of materiality which is taken from the IASB 'Framework for the Preparation and Presentation of Financial Statements', "Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful". 'True and fair' accounts are those free of 'material' misstatement. For this reason above all others, an assessment of materiality should always be made.

It affects audit work in two ways:

- ✓ Influences the nature and extent of the tests of detail
- ✓ Influences decision of the auditor whether to take actual or projected errors
- ✓ Influences decision to assess the significance of areas of disagreement on judgmental matters

❖ **Recording**

After the collection of adequate sample, recording of the data's in a double entry system is required in order to keep a proper record. Another reason is to assess whether the client has properly followed the accounting procedures or not. BSA also suggests different ways to record the transactions as well as the treatment of the transactions recorded.



4. Review and Recommendation

This particular topic talks about how the partner can evaluate the overall audit and give professional judgment. The Audit Practice Manual provides some directions and objectives if fulfilled can give a wide picture of the performance of the client. Some of the indications are:

- Audit Completion
- Audit Standard Review Questionnaire
- Internal Control System Questionnaire
- Critical Review Questionnaire
- Audit report justification and so on

The first and foremost objective of the auditor is to find the answers of the review questions. If answers are satisfiable, audit team as well as partners can put their professional judgments as unqualified or some other judgments.

However, in the process of making conclusions which is a imperative part of audit not only the summary rather the report should also state the objective of the tests conducted; the work been performed for successful completion of the test; the outcome of the test and finally the ultimate decision that have been reached to.

IFRS Convergence

International Financial Reporting Standards-IFRS is developed by the International Accounting Standards Board-IASB who is the standard setting body of IFRS Foundation whose purpose is to develop financial reporting standards that helps to bring transparency accountability as well as efficiency to financial markets. The information's provided here are about how far Bangladesh has gone in the process of the convergence of IFRS. It is been collected from the IFRS application around the world jurisdictional profile.

The jurisdictional authority is The Institute of Chartered Accountants of Bangladesh-ICAB which is the national professional accounting body and accounting standard setter in Bangladesh. The ICAB has made public commitment in support of moving towards a single set of high quality global accounting standards by adopting IFRS as well as IFRS for SME standard in the name of Bangladesh Financial Reporting Standards-BFRSs. The government has issued rule in this regard. Rule 12(2) of Bangladesh Securities and Exchange Rules, 1987 adopted by the Ministry of Finance state that, "The financial statements of an issuer of a listed security shall be prepared in accordance with the requirements laid down in the Schedule and the International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh." This sub-rule tries to explain that the BFRS requires all the companies whose securities are traded on Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) to follow the adopted standards. However, on the other hand companies whose securities are not traded on the market are permitted to follow the BFRS.

However, if there is any amendment or new standards included than the Technical and Research Committee (TRC) of ICAB reviews and then approves. Moreover, Bangladesh has not adopted IAS 39 Financial Instruments: Recognition & Measurement in full but a version of it only. Bangladesh has also modified the transitional provisions in several interpretations, including IFRIC 4 Determining whether an Arrangement contains a Lease and IFRIC 12 Service Concession Arrangements.



CHAPTER-04

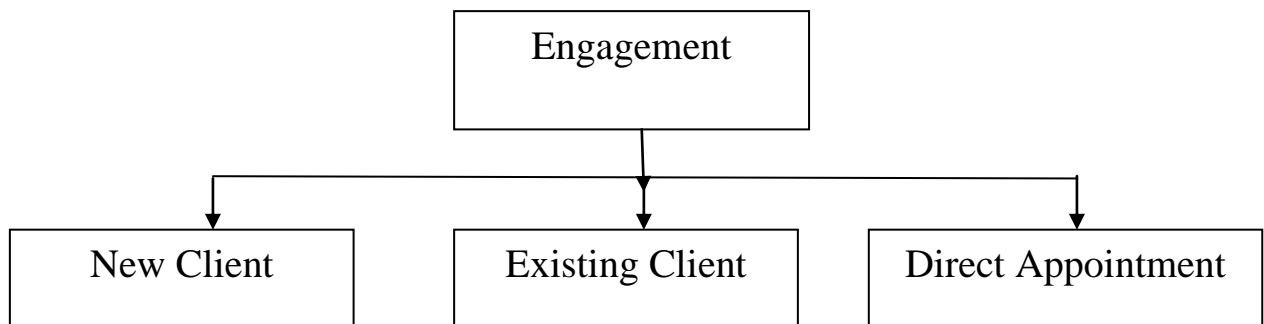
Audit Procedure of ACNABIN

- ❖ Engagement Procedures
- ❖ Audit Procedures

When ACNABIN involves itself In providing any of its services to its clients, the principal objective of the firm is to look into the financial statements if the clients following the Bangladesh Standards of Auditing (BSA) along with maintaining the International Standards Of Auditing (ISA). ACNABIN itself believes in innovation, creativity, efficiency and above all meeting client’s particular demand. However, before pandering into the services, there are other procedures like audit engagements letter, audit clearance, team set up, team meeting and so on that are required for the purpose of providing best services possible.

Engagement Procedure

Before starting the audit, the first and foremost concentration is on client and ACNABIN coming to a win-win situation regarding the audit purpose and other engagement related issues. In other words, it can be said here we will talk about procedures about how other firms can avail. ACNABIN Professional services. Well, three types of engagements can be seen while engaging with ACNABIN. And they are:



New Clients

While engaging with a new client, ACNABIN as well as the prospective clients have to go through a procedure. The procedure is written below:

Step-1: At the very beginning, client usually gives circular in a newspaper or in most of the cases the approach directly the potential audit firms. While approaching directly, the ask for a quotation quoting the prospective service cost as well as time that will be required to conduct the audit.

Step-2: When ACNABIN gets the client's proposal, it reviews the past year audited financial statements to get an idea of the client's ability to pay for the services to be availed. After that, ACNABIN sends a proposal letter to the client which bears technical as well as financial demands. The quotation is made considering personnel cost along with other logistic costs keeping in mind about the different issues regarding the services to be provided as well as considering the hourly rate recommended by Institute of Chartered Accountants of Bangladesh-ICAB. It is also clearly mentioned that the amount is just an estimated one which may vary depending on the job costs as well as needs.

Step-3: The client after receiving proposal letter from various firms who provide auditing services, make a shortlist and later from there chooses one to perform their required services. In the process they look for the best match that is favorable for them.

Step-4: The client than sends an acceptance letter to the auditing firm. And in reply the firm issues a confirmation letter mentioning their willingness to serve.

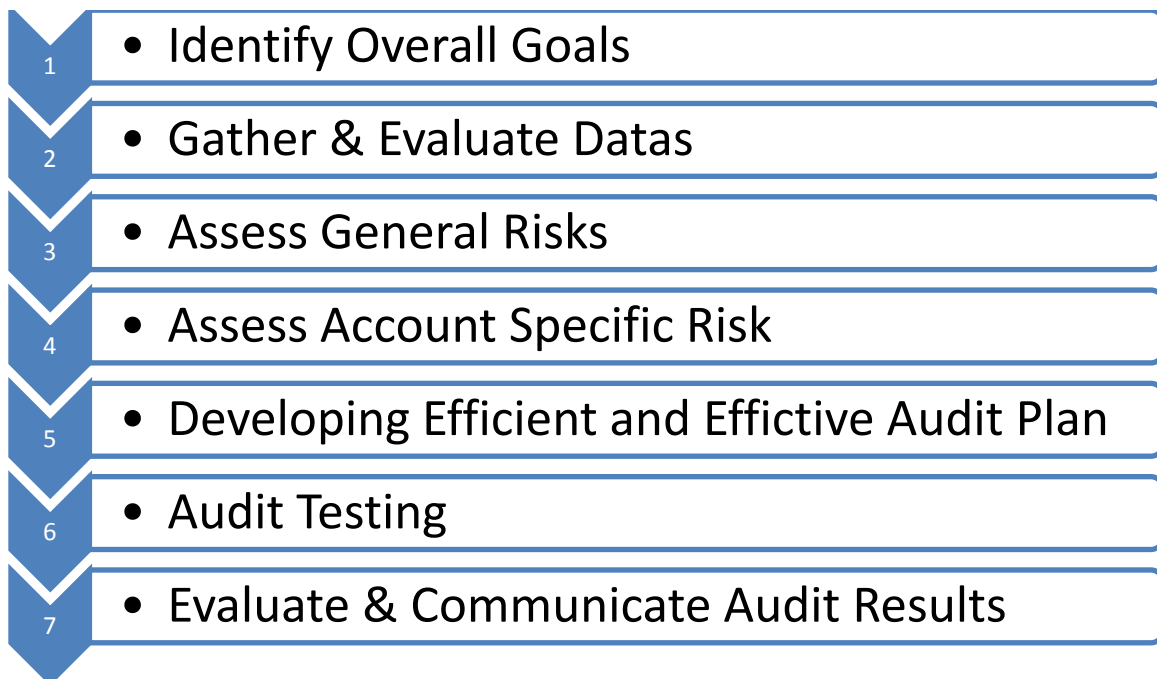
Existing Clients & Direct Appointment

To extend an existing agreement or to willingness to work again with ACNABIN; a client can simply put the following letters to ACNABIN.

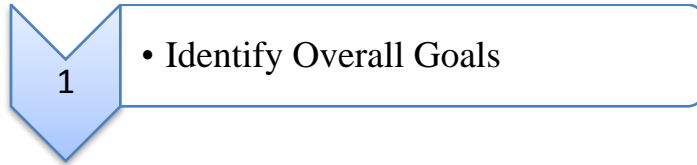
- Willingness letter: This letter bears ACNABIN's keenness to get another project of clients to audit. Any amendments to the existing terms can be expected in this letter.
- Appointment letter: The client than scrutinizing the willingness letter makes up their final decision and issues an appointment letter.
- Acceptance Letter: Later, ACNABIN issues an acceptance letter stating their start date of audit.

Audit Procedure

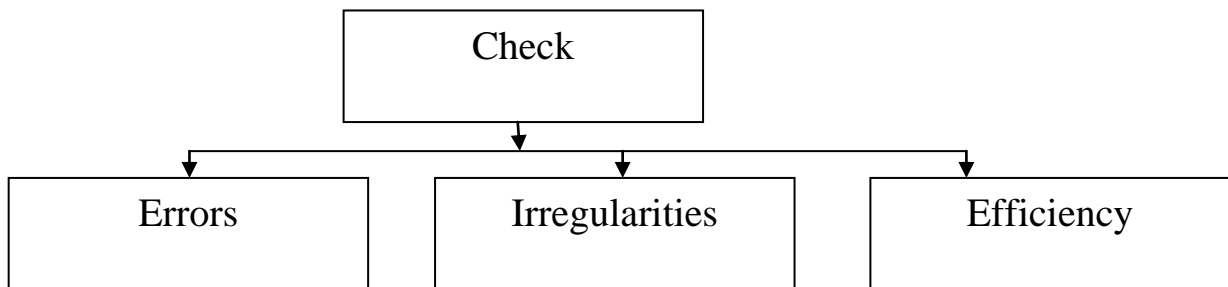
As mentioned earlier, ACNABIN believes in quality and so it always follows a standard method inspired as well as suggested by ICAB in the Audit Practice Manual. There are seven steps to be followed for an efficient audit. The steps are:



The above mentioned steps are described below:



The first and foremost objective of ACNABIN is to look whether the financial statements that are prepared have followed Generally Accepted Accounting Principles-GAAP. Then while forming an opinion, the audit team also takes some other options in account and they are:



Error

Errors are unintentional mistakes or being omitted inadvertently while preparing financial statements. The audit should be designed in such a way so that these sort of errors can be detected and resolved. The audit team should be accounted to make certain the existence of assets or liabilities that the client possesses are rightful and owned by the clients at a given period and recorded maintaining all the accounting standards at a truthful value. There are several reasons for which errors or mistakes can happen. One of the reasons can be input mistakes while preparing financial mistakes or in other words clerical mistake. Another reason of error can be incorrect accounting estimations.

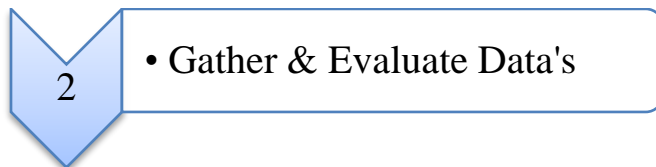
Irregularities

Irregularities are basically intentional misstatements or omission of amounts or disclosures in financial statements, including fraudulent financial reporting and misappropriation of assets. This risk is amplified due to management's internal control weakness, collusion, forgery or even transactions that are not recorded.

Efficiency

The whole auditing procedure should be conducted in such a way that the expenditure of auditing does not surpass the project budget. For this reason the same team which conducted the audit earlier can be put to place as they know the company and it's information's thoroughly.

Risk assessments and planning should be done having both the partners as well as managers active involvement which will eventually result in an efficient audit approach. This will also trim down the undetected material misstatements.



By getting access and evaluating the data's and information's of the client; an overall idea can be gained about the client. And so ACNABIN when gets into an audit, the first and foremost objective of the firm is to gather information's about the client i.e businesses, operations, fund source; major buyer and sellers etc. By scrutinizing this info's the audit performer hence the firm gets an idea about the activities of the client; internal control system; client's expectation as well as considering materiality.

To understand the activities of the client; the below mentioned topics needs to be known:

- ✓ Businesses that the client operates
- ✓ Potential and present buyer and sellers
- ✓ Industry it operates on
- ✓ Regulatory boards or systems that the industry has
- ✓ Applicable financial framework
- ✓ Internal Control System
- ✓ Accounting & Recording policy
- ✓ Vision, Mission, Objective, Strategy
- ✓ Review of Financial Statements

To know about the internal control structure of the firm is a necessity. As per Bangladesh Standards of Auditing-BSA-610, the external audit team can always look for suggestions as well as recommendations from the internal auditors. However, the internal control system of the client plays an important role in identifying risk of the client. If the client has a strong internal control system that cuts off a significant amount of risk but if the client's internal control system is weak than the risk is amplified as there is a big chance of fraudulence, misstatement and other accounting errors. To check internal control system a "Internal Control Questionnaire" is provided. Annexure-2 shows a sample Internal Control Questionnaire.

Moreover, the information's provided by the client is material if its any omission or any misstatement has the capability to manipulate the economic decisions of the users of the information's. Materiality should be considered while determining the nature, timing, and extent of audit procedures as well as evaluating the effects of misstatements.



3

• Assess General Risks

A top-down approach is used for the assessment of risks. The audit team primarily concentrates on high level risky information's. For audit purpose extension of documents would be from entity's size, complexity, ownership characteristics & risk level. A company's capability to adapt to changes depends on its ability to find, evaluate and manage risks. Risk assessment therefore helps the company to identify potential harmful events and be proactive to tackle the situation. Initial audit evidence is required while planning for audit in order to:

- ✓ Assessment of potential risk deriving from financial statements misstatements
- ✓ Identifying going concern problems
- ✓ Recognizing account specific risk and design audit approach

4

• Assess Account Specific Risk

From the head itself, we can understand that in this step the job is to find out the risks that are related to accounts; for example, sales risk, account receivable, payroll, supply chain, payment cycle, inventory etc. For the assessment audit team can also use the Audit Practice Manual Questionnaire. Two points can be made clear by doing the assessment. They are: internal control test and transaction transparency.



5

• Developing Efficient & Effective Audit Plan

At this very stage, the auditor designs an all out plan to conduct the audit. The rationale of the overall audit strategy is developing an efficient as well as effective response to the risk of material misstatement. While formulating a plan, the auditor considers the preliminary activities that they have done at the very initial stage to know about client's position, ethical position, business, internal control etc. which will be helpful to assess risks appropriately.

6

• Audit Testing

For hands on test, field work starts from this stage. While conducting field work, audit evidences are gathered to validate the audit test. Evidences are gathered through numerous ways. Staff interview including managers as well as other stakeholders associated with the client's; client document review; hard copies as well as soft copies of information's, client process actions as well as system security check are some of the ways to gather evidences.

After getting all the information's the data's are reviewed thoroughly by the auditing team. The team makes notes by reviewing the documents collected by company's different sources asked by the auditors. And later the documents are also checked whether they have been kept in a righteous manner maintaining the accounting as well as company policy. On the other hand, along with physical investigation of the documents as well as fixed assets; the technical supports are also reviewed to check and verify that the IT system is configured maintaining the company's data security policy and guideline. Finally, the output of this stage is the amassing of audit log and evidences in the final audit report.

7

• Evaluate & Communicate Audit Result

The last and final stage is evaluation and communication of the audit result. At the very stage, the auditors for the last time scrutinize whether the observations they have found while collecting evidences are correct or not. Later on, a meeting is called where the whole audit team, Partners & senior level personnel of the company attends. The auditor than presents the observations they have found at the time of collecting evidences and also recommend the possible solutions to the company so that measures can be taken and more efficiency can be earned in operation. However, as per International Auditing Standard-IAS 700, “The auditor shall express an unmodified opinion when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. But If the auditor thinks that the statements are not free from material statements or on the other hand cannot obtain sufficient audit evidence than auditor should modify the opinion in accordance with ISA 705.



CHAPTER-05

Experience

- ❖ ***Job Nature***
- ❖ ***Job Responsibility***
- ❖ ***Learning Outcome***



Job Nature

Well, at my time at ACNABIN Chartered Accountants, I was posted in International Center for and Diarrheal Diseases Research, Bangladesh in Mohakhali, Dhaka for the audit of Office of Management and Budget (OMB) for the year ended 2017. During my tenure there I learned to work as a team player, management of time, working under pressure and meeting deadlines maintaining strict rules. However, OMB audit is a specialized audit where the auditors have to follow the rules and regulations provided by the federal government of USA, Office of Management and Budget. This is basically an audit of the funds that ICDDRDB gets from the donors around the US government as well as different research facilities. ICDDRDB gets these aids which are called grants as it is only research facility in Bangladesh. And so however, my job was to go through the grants, find budgets for the projects and then look for similarity or dissimilarities of costs that are been incurred. Other than the job itself what I had to do and what I have learned there is:

- ✓ Truest sense of responsibility
- ✓ Professionalism
- ✓ Keeping Commitment
- ✓ Auditing and Reporting responsibilities
- ✓ Work Ethics
- ✓ Independent works
- ✓ Learn Generally Accepted Auditing Standard
- ✓ Compliance Supplement
- ✓ Code of Federal Regulations
- ✓ Punctuality and so on.

Job Responsibility

To start from the beginning, when I joined ACNABIN, first couple of days I was in the home office of ACNABIN which is in Kawranbazar. There I tried to sync with the audit team that I had to work with for the next 12 weeks. The team members were really humble, friendly as well as quite knowledgeable about their job. At that time I got to know about “Compliance Supplement” which is necessary to be read to conduct the OMB audit. The supplement that I had to go through was of around 1400 pages which included all the required measurements that are required to conduct the audit. It talked about the costs that are allowable and unallowable that can be incurred from the budgeted amount mentioned in the grants.

However, after two days at the home office, I along with the team conducted all our works at the ICDDRB premises at Mohakhali. As the budget as well as the grants has a lot of parts, I was assigned to take care of the cost principle part. And so there the first job was mine is to make a check list of all the allowable and unallowable costs. Later on, after making the check list I could trace 70 types of costs that are mentioned in the compliance supplement as well as costs incurred by the facility. Than for sampling out of numerous grants, for sampling purpose, our professional accountant chose 13 grants and so I had to check the costs that are been incurred and find mismatches.

Than my job was to login to ICDDRB’s ERP system Microsoft Dynamic Navision and find different records like detailed cost register, inception reports, salary reports etc. And also login to cloud-based innovative enterprise document imaging system Enadoc to check vouchers, supporting, grants & budget related documents. However, to speak precisely what I have done is:

- ✓ Preparing checklist and updating
- ✓ Identify the nature and extent of analytical procedure and select risk level
- ✓ Internal Control Questionnaire
- ✓ Meeting memo preparation
- ✓ Review asset and physical verification
- ✓ Meeting with clients and so on.

Learning Outcome

From the wide range of works mentioned above, I have learned quite a lot of things which has sharpened my communication, management as well as leadership skills. Even, the audit of icddr,b made me to think critically as well. During my short period I got to learn about how an Aid funded organization keep their records and how the costs are incurred. I got to know about costs and how a cost will be eligible to be compensated from the budget by reading their agreements. I learned read and interpret the budgets that were allocated for different time frame and scrutinized whether the costs been incurred are legalized by the donors agreement or not so, that part unlocked the investigative side of mine.

Moreover, real world client dealing is what I learned through this internship program. There was time when I had to go and sit with their managers and talk about observations that we found through audit and learned how they defended their stance. I learned that there are always multiple ways to interpret things.

However, during my short period I was very lucky to do some consultancy work as well, thanks to my supervisor. He was working on the retirement fund issue. The issue was whether retirement fund should be considered as an asset of icddr,b or not and who should be controlling the retirement fund? The finding was that the retirement fund should be managed by a separate entity i.e a trusty in composition of current employees representing the whole human resources of the company. However, as retirement fund belong to staff participant hence it should not be regarded as an asset of the enterprise.



CHAPTER-06

ICDDRB Audit Procedure

- ❖ **ICDDRB**
- ❖ **Audit Procedure**

ICDDR,B

International Centre for Diarrheal Disease Research, Bangladesh-ICDDR,B is a sovereign, international and a non-profit organization. It is a one stop solution centre for research, education and training as well as medical services. The aim of ICDDR,B is to utilize the power of research to tackle the health issues in Bangladesh, the region as well as making the world a more safe place to live in out of diseases.

The institute is committed to solve public health issues through innovative scientific research. For more than 50 years, the facility is carrying out high-quality research and promoting the uptake of evidence-based interventions. Despite of primary concentration on diarrhoeal disease, the facility now study multiple infectious diseases, other threats to public health, and methods of healthcare delivery.

Vision

“A world in which more people survive and enjoy healthy lives”

Mission

“To solve public health problems through innovative scientific research”

Values

Excellence: We are single-minded in our pursuit of scientific rigour and operational efficiency

Integrity: We are a responsible and accountable organisation, committed to the highest standards of behaviour

Inclusivity: We collaborate effectively throughout the organisation and with our partners

icddr,b's Work is Guided by a Number of Key Principles:

High-quality science: icddr,b is committed to **scientific excellence**, and disseminating information through the scientific literature including high-impact journals.

Local relevance: The questions icddr,b addresses are important priorities for Bangladesh and regionally.

Policy-oriented research: To achieve practical impact, its research has a strong focus on the realities of implementation in resource-poor settings.

Global networking: icddr,b has outstanding links to world-leading research centers in the developed world, enabling us to access unmatched global knowledge and expertise.

Regional and global impact: As well as enhancing public health and clinical care in Bangladesh, icddr,b also aims to work with other centers in the developing world to build knowledge and promote the uptake of evidence-based policy and practice.

Training and capacity-building: icddr,b makes an important contribution to the regional science base, training of local healthcare professionals and to research and public health capacity in the developing world more generally.

icddr,b has established a comprehensive programme of research, with particular strengths in infectious disease and vaccinology, reproductive health, neonatal and child health, malnutrition and food security, and other areas. Its scientific workforce comprising of nearly 200 scientifically trained staff is organized into ten Centers focusing on key health issues.

Underpinning the programmes is an extensive research infrastructure that enables icddr,b to undertake a full spectrum of research – spanning population-based studies and demographic surveillance, large-scale clinical trials, hospital-based clinical studies, and laboratory research utilizing the very latest technologies.

This unique combination of scientific expertise and research infrastructure enables icddr,b to address key health issues from multiple directions, and to carry out the interdisciplinary studies that will be required to address the most intractable health challenges that Bangladesh and other developing countries now face.

Achievements

Oral Rehydration Solution

icddr,b researchers developed oral rehydration solution (ORS) in 1960s to treat the symptoms of diarrhoeal disease and carried out landmark studies demonstrating its life-saving potential. ORS is estimated to have saved tens of millions of lives worldwide.

Zinc Treatment for Diarrhoea

In the 1990s, researchers at icddr,b showed that zinc treatment shortened the duration of diarrhoea and prevented future cases – key evidence underpinning the WHO’s decision to recommend zinc use alongside ORS.

Tetanus Toxoid Vaccine for Mothers

A research from Matlab health surveillance site found out that the new mothers receiving a tetanus toxoid vaccine before pregnancy were highly protected from neonatal tetanus. The information revolutionized adoption of tetanus toxoid vaccine for women of childbearing age.

Testing Vaccines

A wide range of vaccines are tested for diseases including rotavirus vaccines, the Hibvaccine, a maternal pneumonia vaccine for protecting infants, and an affordable oral cholera vaccine.

Family Planning Solutions

The innovative use of female community health workers at Matlab in the 1970s greatly increased contraceptive use and reduced fertility.

Domestic Violence Legislation

A long-running programme of research on violence against women is in operation. Research and advocacy activities have had major impact, raising awareness of domestic violence, leading to changes in Bangladesh law and introduction of interventions to reduce violence against women.

Mat for Measuring Maternal Blood Loss

icddr,b scientists have developed and evaluated an absorbent birth mat that, when fully saturated, indicates that mothers need specialist medical care. Along with misoprostol to limit bleeding and umbilical cord cleaning tools, the mat has been incorporated into an innovative safe delivery kit now in widespread use. A biodegradable version of the mat has also been developed.

Ultra Low-cost CPAP Device for severe pneumonia

icddr,b researchers have developed an ultra-low-cost ‘bubble CPAP’ device to deliver oxygen to young children with severe pneumonia. A clinical trial at icddr,b Dhaka Hospital suggested that treatment with bubble CPAP oxygen therapy had significant reduction in deaths and treatment failure compared to current standard WHO-recommended therapy. The device is made from simple, locally available materials, and has the potential to bring bubble CPAP therapy to a much wider range of facilities in resource-poor settings. The Dhaka Hospital has standardized implementation of this therapy since completion of the trial.

Finance

As stated earlier, icddr,b is a non-profit organization and so it gets aid from different donor organizations. The core donors of icddr,b are:

1. Government of People’s Republic of Bangladesh
2. Government of Canada
3. Government of Sweden
4. Government of United Kingdom

Icddr,b’s overall revenue USD 65.92 Million in 2017 with a total expenditure of USD 65.81 million hence generating a net surplus of USD 106,000. The diagrams below show the incomes as well as expenditures by area with percentage simultaneously as well as the top ten donors for 2017.

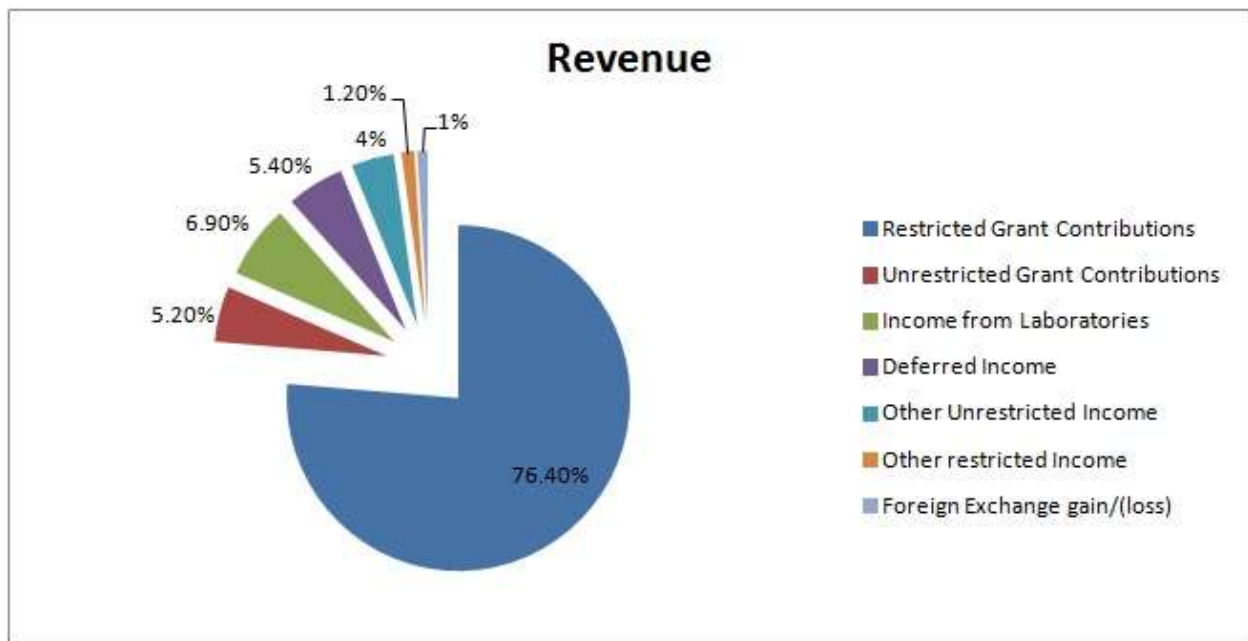


Image: Revenue generating sources with percentage

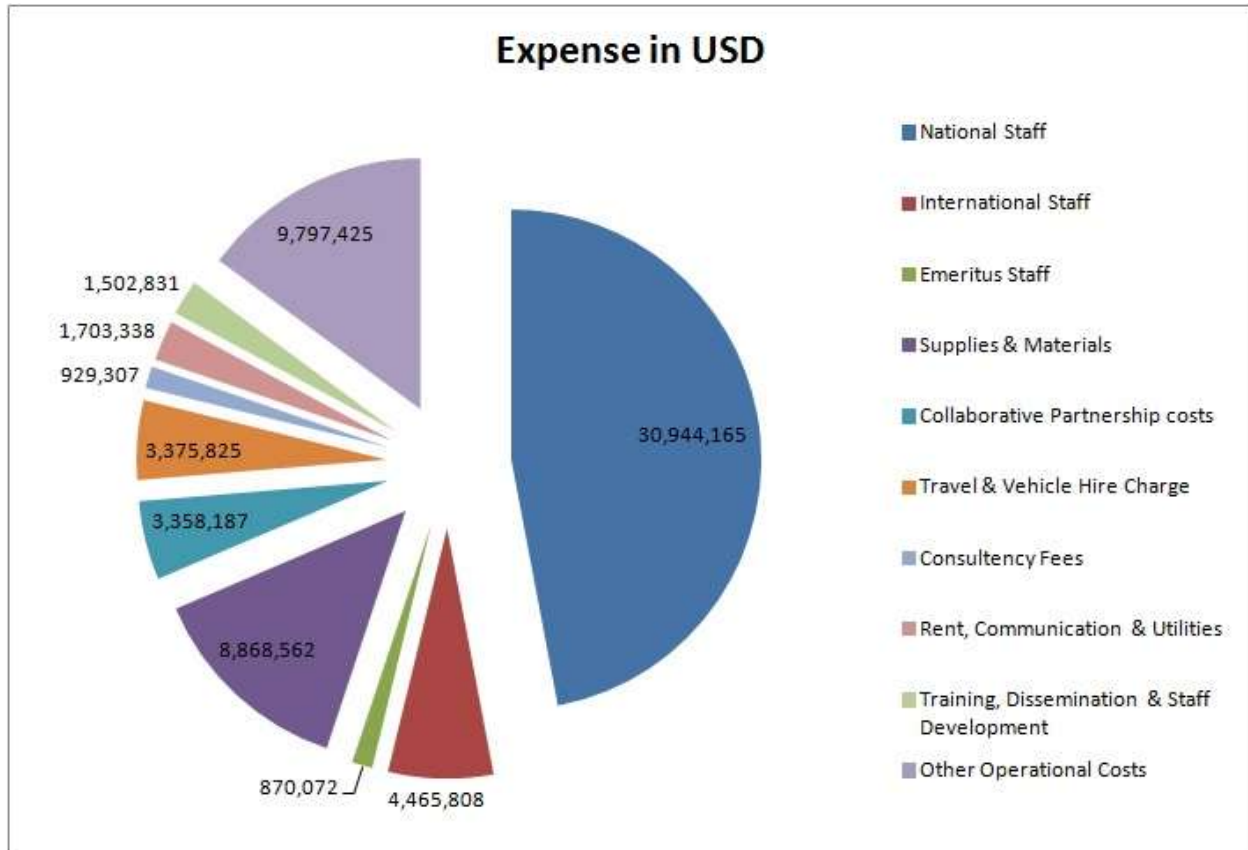


Image: Expense in USD by sectors

Top 10 Donors of 2017

Donor Partners	Restricted	Unrestricted	Total
Bill & Melinda Gates Foundation	12,448,466	-	12,448,466
Ukaid-Depart for International Development (DFID)	4,298,721	771,606	5,070,327
US Government- Centers for disease Control & Prevention (CDC)	4,652,190	-	4,652,190
US Government- USAID	4,309,042	-	4,309,042
Global Fund to Fight AIDS, TB & Malaria	3,822,776	-	3,822,776
US Government- National Institutes of Health	2,417,907	-	2,417,907
Government of Bangladesh	292,401	1,401,492	1,693,893
Swedish Intrenational Development Cooperation Agency (Sida)	892,725	502,749	1,395,474
Commission of the European Communities	851,371	-	851,371
Global Affairs Canada	27,577	727,612	755,189

ICDDR,B Timeline

2017: icddr,b wins the 2017 Conrad N. Hilton Humanitarian Prize.

2016: UN Secretary-General Ban Ki-moon endorses icddr,b's work

2015: New icddr,b strategy 2015-18 published.

2014: Oral cholera vaccine found to have substantial impact on incidence of cholera when delivered through Bangladesh's existing immunisation infrastructure. And Microbial communities in the gut shown to have a significant influence on recovery from malnutrition.

2013: The Lancet lauds icddr,b's contributions to improved health in Bangladesh.

2011: 'Continuum of care' approach achieves 36% drop in perinatal mortality.

2010: Groundbreaking research on gender violence feeds into Bangladesh's Domestic Violence Act. And Key findings from rotavirus vaccine trial published in the Lancet.

2008: Paper from Projahnmo project reporting 34% reduction in neonatal mortality is one of the Lancet's three papers of the year.

2005: icddr,b receives Independence Day Award, Bangladesh's most prestigious award.

2002: Zinc treatment of diarrhoea found to reduce under-5 mortality by 50%.

2001: icddr,b receives the first Gates Award for Global Health for its development of oral rehydration solution.

1999: Protocolised management of severely malnourished children shown to decrease case fatality from 20% to less than 5%.

1998: HIV sero-surveillance begins on behalf of Government of Bangladesh.

1995: Maternal immunisation with pneumococcal vaccine shown to protect newborns.

1993: New *Vibrio cholerae* 0139 (Bengal strain) identified and characterised.

1985: First field trial of oral cholera vaccine launched.

1982: Matlab Maternal Child Health and Family Planning project achieves major drop in fertility rates.

1978: Rotavirus identified as most common cause of diarrhoea in infants in Bangladesh, and as highest priority for new vaccines.

1978: icddr,b formally established.

1974: Tetanus toxoid vaccination of mothers found to significantly reduce neonatal mortality.

1968: First successful trials of oral rehydration solution.

1963: The world's longest-running demographic surveillance field site starts in Matlab.

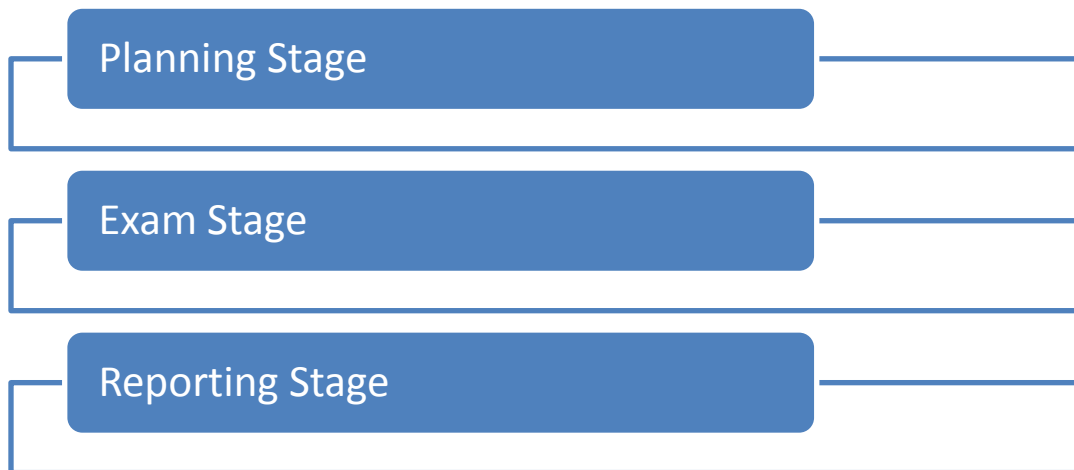
1962: Dhaka Hospital established.

1960: Cholera Research Laboratory, forerunner of icddr,b, opens in Dhaka.

Audit Procedure

As icddr,b is a non-profit organization and it gets donations from different international bodies and donor organizations, its audit is a bit different than the traditional one. At the earlier pages we saw the top donors of icddr,b. If closely observed it can be seen that most of the donations comes from US. However, in United States a single audit is also referred to as OMB Uniform Guidance which demands organization wise audit. To say more elaborately, if any enterprise expends more than USD 750,000 of Federal Assistance received for its operations, it automatically falls under OMB Audit. The aim of this specialized audit is to give assurance to the US Federal Government and other stake holders about the legit expenditure by the entity. If provided with quality audit report, the entity has possibility of getting more grants in future. However, icddr,b qualified as a low-risk auditee under the audit performed in accordance with U.S Government Auditing Standards (2 CFR 200,Sub Part F- Previously OMB A-133). Which means that the entity is a low risk organization signifying very strong internal control, Strong profile of icddr,b and financial credibility among donor communities and possibility of getting more projects/funds from US Federal agencies and other donors as well.

This specialized audit is being performed in three stages. The stages are:



The three of the stages are described below thoroughly.

Planning Stage

At the very beginning while planning the whole audit, the first and foremost job of the auditor is to determine whether the donation recipient is a high-risk auditee or a low risk auditee. High risk auditees are those recipients, who have not complied with federal laws and regulations while on the other hand, a low risk recipient is the one complying the federal laws and regulations. There are certain requirements provided in the Uniform guidance, following which a recipient can be regarded as a low risk auditee. In each and every two audit periods, the following requirements need to be met.

- A. Single audit has been performed in earlier years in an annual basis
- B. Auditor judgment on the financial statements as well as Schedule of Expenditures of Federal Awards
- C. No Material weakness could be found
- D. No substantial doubt about the auditee
- E. No internal control deficiency could be found in auditor's report

After meeting the requirements above, the auditor now has to determine the projects or programs run by the recipients are of Type A or type B. As per Uniform Guidance, any recipient whose total expenditures during a year are of or more than USD 750,000 are bound to do Single Audit. But if this threshold is not met than a single audit is not required. Once this is determined whether to do single audit or not then, 2 CFR 200.518 requires the federal programs to be categorized in two groups, either type A or B.

Type A

If a recipient expended a total of \$25 million or less in federal assistance, then any single program which expended \$750,000 or more is considered a Type A. If a recipient expended \$30 million in federal assistance, then any single program which expended \$900,000 or more ($3\% \times \$30,000,000$) is considered a Type A program.^[15] Special consideration must be given to large loan programs in determining the Type A threshold.

Type B

Type B programs are those programs that does not meet the type A requirements.

After the determination of Type A and B programs, auditor's job is to assess risks through his/her professional judgments as well as looking into the operations and internal control.

Exam Stage

“Compliance Supplement” which is a large and extensive guide which is created for OMB Single Audit and the most important tool for both auditor as well as auditee is required at the exam stage. However, after going through the “Compliance Supplement” guide we could find several parts that needed concentration on. The parts are:

- A. Cash Management
- B. Cost Principle
- C. Eligibility
- D. Equipment and Real Property
- E. Matching
- F. Procurement
- G. Indirect Cost

Due to the enormous size of the parts, different jobs were allocated to every member of the audit team. My job was to look into the Cost Principle, the biggest one to be covered. As my job as to trace the costs that are been incurred by our clients, I could find 70 types of costs mentioned in the compliance supplement. From the compliance supplement, I made a check list of those 70 types of costs separating the allowable, unallowable and allowable with restrictions, connecting the cost requirements with the Code of Federal Regulations (CFR) which states to what extent a cost can be recorded as legit.

While I was reading the compliance supplement and making the check list, my seniors were up for determining which grants to be taken for sampling purpose and which projects can be addressed as high as well as low risks. After they have made their professional judgments, we took 13 grants for our sampling and I started reading the agreements of those grants.

Reading the agreements I found budgets that are been provided by the donors as to costs should be incurred in what purposes. We have had access to their systems from which we could find the necessary documents to check whether the costs incurred surpass their budgeted amount. Along with it, if any other discrepancies found as like: costs incurred but there isn't allocation for the purpose of cost in the budget; salaries posted under different job number etc. While also checking vouchers as well as invoices; I hypothetically set a threshold i.e USD 50,000 for checking purpose as there were numerous data's to look into.

Reporting Stage

After finishing my work, if found any discrepancies or mismatches, I reported it to my senior. The senior auditor then put the findings into his observations list. Later, the observations are placed before the clients. Now, it was clients job to take action on the observations or if they have had any refutations to guard their stance. After solving the observations and if any other observation or related stuff remained, the partners, senior auditors as well as the finance team would sit for an Exit meeting to look get recommendations and later on final report would be signed concluding the audit.

While reporting two documents are prepared, they are:

1. Data Collection Form

The data collection form, Form SF-SAC, a standard form which a summary of the single audit stating auditors profile, federal programs audited, summary of audit findings.

2. Reporting Package

This package includes all the auditor's final reports along with donor recipients financial statements. Document list include:

- A. Auditor Report
- B. Management Discussion and Analysis
- C. Recipients Financial Statements
- D. Recipients notes to Financial Statements
- E. Supplemental Information
- F. Schedule of Federal Award Expenditure (SEFA)
- G. Schedule of findings

CHAPTER-07

Auditing Prospects

Auditing Prospects

Business operation has been highly impacted by the development of technology. Same has happened in the context of the auditing profession. The SEC of US recently released statistics for fiscal year 2016 showed that it filed 868 enforcement actions exposing financial reporting-related misconduct by companies and their executives, registrants, and gatekeepers.

“Analysts estimate that 90% of the world’s data has been created in the past 2 years. This wealth – or flood – of data will continue to expand exponentially. Without question, the traditional audit must evolve to keep pace with this rapid explosion in the volume of data”-EY.COM.

As the world is rapidly changing with the mercy of technology, auditing is not and will not be out of the transformation as well. Auditing gurus, experts and professionals around the world are taking the future of audit seriously and so different conferences, meetings, seminars as well as researches are being done to make auditing cope with the changing business world. In the later parts I have tried to compile the world’s biggest talks as well as researches to see what the audit has in its fate.

Audit Guru Alan Anderson at CAANZ’s Audit Conference 2018 stressed on the need of looking beyond checklists and mainstream frameworks only rather he urged to communicate with the staff at the client business. He also stressed the need to make the best use of the technology to free up time for better value work.

International Auditing and Assurance Standards Board-IAASB Chairman Arnold Schilder in a speech at an ACCA audit conference pointed out 4 points that are challenges as well as opportunities for the future of auditing. Firstly, he stressed on the need of understanding the

business of the client getting out of the following audit procedures conventionally. Secondly, he advised for development in Informational technology, automating the workflows, use of

Artificial Intelligence-AI, data analytics as well as block chain. Thirdly, he stressed on the adaptability to the digital age. And fourthly, he inspired innovation in auditor reporting.

A new Thomson Reuters Checkpoint report “4 keys to the Future of Audit” states that though there are a lot of CA firms are out there yet they are lagging behind with their services more precisely auditing services. The report pointed out four points which are challenges and needs attention to embrace a new way of providing audit services. The four points are:



Quality



Innovation



Talent



Relevance

- ✓ **Quality:** Quality is going beyond the filing up of check lists. It is entrenched in the ideology of the firm. It stretches from knowing the client’s business to the sector, professional auditing standards and suitable audit performance. The prime concentration should be on providing qualitative audit reports not quantitative which are communicable.
- ✓ **Innovation:** The report says that innovation depends on approaching the audit and to improve the approach in this fast paced business world is to use big data, data analytics. The report also states, “Without transforming this data/information into insights to assess needs and wants, predict behaviors, and integrate it with knowledge beyond the financial statements, the audit is a meaningless exercise”. It also suggested some useable techs like cloud-based audit solutions, continuous auditing, real time risk monitoring, cognitive assistance for decision making, enormous data analysis etc.



- ✓ **Talent:** Though there more business gradates passing every year, and more number of students concentrating on business, finance as well as accounting but pretty less are joining the Chartered Accountancy profession. The gap between business graduates and CA's are widening every day. So, the report suggested more talented people with a passion in accounting and finance to join CA and qualify it as it has massive demand as well as need.

- ✓ **Relevance:** Audit are been done with a purpose of finding any discrepancies in today's world. But the report stressed the need on auditing to produce more relevant report that does not only highlight the things that are needed but also those information's that will make in impact for the betterment of the business of the client because auditors are not auditors anymore in this fast business world, they are playing the role of advisors as well.

Now insights from another round table hosted by Grant Thornton & ACCA in seven countries, whose finding is that “in a rapidly changing world, audit does have a future”. The round table put four coins table, each having both opportunities as well as challenges. Let's have a look at the coins.

1st coin, is to understand the business of the auditee. This point has actually been talked about earlier under the same chapter. It states the same thing that for a qualitative audit and give insights for the development of the enterprise, the auditor must know about the sector where the business operates.

2nd coin talks about professional skepticism. It is all about behavior. The auditors behavior should be encouraging to thyself making them a critical challenger. There job is to create a team with right skills, expertise and experience to synergize.

3rd coin, is about the digitization.

4th coin concentrated on emerging external reporting with integrated reporting.

However, to talk about a research which was conducted by KPMG and Forbes Insights on 200 CEO's, CFO's and other financial executives regarding their view on the future of auditing. The key findings of the survey are reflected beneath.

- Nearly 80% of respondents believe that in their day-to-day work auditors should use bigger samples
- 78% believe auditors should use more sophisticated technologies for data gathering and analysis
- 62% of respondents want auditors to articulate a clear point of view on critical issues.
- 56% want to leverage data and analytics into actionable insights.
- 47% suggests to challenge client management
- 60% believe audits should help in evaluating risk and risk management practices.
- 47% wants more transparency about arriving at the audit opinion and what has been learned during the audit.
- 43% seek more insight on proactive quality assurance and regulatory compliance.
- 42% wants a more holistic view of the organization
- Biggest challenges: Regulatory Environment (66%); Budget (57%); Litigation Environment (55%); Data Security (55%)
- Skills required: Technology skill (67%); Communication Skills (66%); Critical Thinking Skills (65%); Investigative Financial Skills (59%)

From the key facts, it is clear from the study that auditors need to be more optimistic in different formats. Other than just analyzing data's, the scope of the audit should be sponged to coverage and findings related fraud risks as well as risk management, improved focus and analysis, use of information technology and above all creating value.

CHAPTER-08

Findings & Recommendations



Findings & Recommendations

The purpose of audit is to provide an independent opinion about the truth and fairness of the financial statements of an entity. While auditing, misstatements, record mistakes, clerical mistakes and other problems could be found where the job of the auditor is to give recommendations about the prospective actions the company take in order to resolve the problems and observations. During my period at ACNABIN Chartered Accountants, I have experienced some of the drawbacks which are highlighted here and what can be done to resolve the situations.

Finding: Lack of Professionals

Recommendation: Currently the market demands at least 12,000 Chartered Accountants but there are barely 1200. As a result, the companies has to export professionals from abroad which is why a huge amount of remittance is going abroad, which is a loss for our country despite having a huge manpower.

Finding: Less CA enthusiasts

Recommendation: CA is a professional degree which requires a candidate to give a lot of time, patience as well as perseverance along with hard work. In our societal context, after graduation most of the students either go abroad for higher degree or join for having masters and some others join the workforce having a handsome amount of financial benefit. As there 3 years of articleship period in CA, along with tough exams to be passed with a very minimum stipend, students are not willing to take the challenge due to unattractiveness of the stipend as well as low pass rate. So, Institute of Chartered Accountants as well as educational institutions should make an effort to expose the possibilities a Chartered Accountant can have after passing those challenging exams can be beneficial and inspirational to bring more students in.



Finding: Limited space of creativity

Recommendation: As auditors have to follow a particular framework in conducting auditing, there is a very little scope to go out of the box and make an effort to present and conduct the audit in a creative manner. A framework is always necessary but there should be some independence in order to bring the best of the auditors which will result in a more qualitative audit report.

Finding: Time Management

Recommendation: During my period, I could see that the auditor had a very subtle time in order to plan, perform as well as communicate the audit findings as well as prepare an audit report and submit it. I believe a more realistic time effort should be scheduled giving the auditor more space and scope to think and plan the audit more effective way.

Finding: Biased Opinion

Recommendation: The auditor conducts the audit as per the files, documents and data's presented to him/her. Due to the lack of combined and free & fair combination of cooperation, the auditor might do sampling with less documents and information's, ignoring some other facts and information's which would have found some dissimilarity resulting in a biased opinion. So, mutual cooperation and fair treatment should be ensured.

Finding: Use of Technology

Recommendation: Leading accounting firms are using technologies might to leverage their audits. For instance, KPMG applies IBM Watson's deep learning-powered systems to analyze banks' credit files for commercial mortgage loan portfolios, and Deloitte has allied with Kira Systems to review contracts, leases, invoices, and tweets. But in our country, where vision is to create a Digital Bangladesh, use of technology is still at its early stage which needs to be accelerated.

CHAPTER-09

Conclusion

Conclusion

This report titled: Auditing: Present & Prospects; is a study on auditing in Bangladesh as well as the future of auditing. At my tenure in ACNABIN Chartered Accountants, I was debuted to the real business world through the path of auditing at the International Centre for Diarrhoeal Disease Research, Bangladesh-ICDDR,B which is one of the best in the world and the first research facility in the country whose purpose is to solve public health problems through innovative scientific research and they dream of a world where more people survive and enjoy healthy lives.

Talking in the same tone of the vision of icddr,b, I would like to say that this world need more people to spread transparency, eradicate poverty, care more, love more, be patriotic and moreover, work with a purpose to spread peace, prosperity and leave this world into a better place for the future generation.

One of the many corruption controlling tools is auditing which is done by the chartered accountants as they are professionals in this particular sector. Other than auditing, there is consultancy, tax and so more services that make the enterprises operate in a transparent as well as in efficient way through which economy booms. With the booming businesses, the economy becomes stronger and chartered accountants are one of those strong hands that make it possible. But ironically, despite having a large demand of CA in the market we have to export leaders from outside causing more outflows which needs pure concentration otherwise it might take a disastrous turn if we keep on depending on international supplies.

However, to conclude I would like to pronounce that though this specialized profession demands sincere determination, hard work, perseverance and sacrifice but it certainly is equally rewarding and it will be more beneficial if provided with more opportunities for independence and technological facilitation.

CHAPTER-10

Bibliography

Bibliography

Sheedy, C. (2018, February 15). *acuitymag*. Retrieved from www.acuitymag.com:
<https://www.acuitymag.com/people/rethinking-the-future-of-audit>

4 keys to the future of audit. (n.d.). [ebook] Thomson Reuters Tax & Accounting. Available at:
<https://tax.thomsonreuters.com/wp-content/private/pdf/checkpoint/whitepapers/Checkpoint-Al-Anderson-Whitepaper.pdf>

Sheridan, T. (2017, 3 March). *accountingweb*. Retrieved from www.accountingweb.com:
<https://www.accountingweb.com/aa/auditing/how-to-overcome-challenges-facing-the-future-of-audit>

Rahman, I. (2015). *Audit procedure in Bangladesh : a case study on ACNABIN chartered accountants*. Dhaka: BRAC University.

The 10 steps in planning an audit. (2009, October 7). Retrieved from Roger CPA Review website: <https://www.rogercpareview.com/blog/10-steps-planning-audit>

Schilder, A. (2016, November 16). Retrieved from www.ifac.org: <https://www.ifac.org/news-events/2016-11/future-audit>

The future of audit. (n.d.). [ebook] Grant Thornton and ACCA. Available at:
https://www.accaglobal.com/content/dam/ACCA_Global/Technical/audit/ea-future-of-audit.pdf

Audit 2025: the future is now. (n.d.). [ebook] KPMG and Forbes Insights. Available at:
<https://assets.kpmg.com/content/dam/kpmg/us/pdf/2017/03/us-audit-2025-final-report.pdf>

Sun, T. and Miklos A. Vasarhelyi, P. (2017). *Deep Learning and the Future of Auditing - The CPA Journal*. [online] The CPA Journal. Available at:
<https://www.cpajournal.com/2017/06/19/deep-learning-future-auditing>



Miklos A. Vasarhelyi, P. and Andrea M. Rozario, C. (2018). *How Robotic Process Automation Is Transforming Accounting and Auditing - The CPA Journal*. [online] The CPA Journal. Available at: <https://www.cpajournal.com/2018/07/02/how-robotic-process-automation-is-transforming-accounting-and-auditing>

Harvard Business Review. (2018). *A New Tool for Boards: The Strategic Audit*. [online] Available at: <https://hbr.org/1995/07/a-new-tool-for-boards-the-strategic-audit>

Definition of Audit | What is Audit ? Audit Meaning - The Economic Times. (2018). Retrieved from <https://economictimes.indiatimes.com/definition/audit>

Icddr,b annual report, (2017), Available at: http://www.icddrb.org/dmdocuments/icddrb_annual_report_2017.pdf

<http://www.icddrb.org>

IAS 700,(2009). Retrieved from <http://www.ifac.org/system/files/downloads/a036-2010-iaasb-handbook-isa-700.pdf>

CHAPTER-11

Annexure



Cost Principle Check List

Sl.	Selected Cost Items	Status				Uniform Guidance General Reference (Part-3.2)
		Allowable	Allowable with restrictions	Unallowable	Not specifically addressed	
1	Advertising and public relations costs		√			§200.421
2	Advisory councils		√			§200.422
3	Alcoholic beverages			√		§200.423
4	Alumni/ae activities				√	§200.424
5	Audit costs and related services		√			§200.425
6	Bad debts			√		§200.426
7	Bonding costs		√			§200.427
8	Collection of improper payments	√				§200.428
9	Commencement and convocation costs				√	§200.429
10	Communication costs	√				
11	Compensation for personal services		Special conditions apply (3.2)			§200.430



12	Compensation for personal services - organization-furnished automobile			For that portion of costs attributed to personal use		
13	Compensation for personal services - sabbatical leave costs				√	
14	Compensation for personal services - severance pay		√			
15	Compensation – fringe benefits		√			§200.431
16	Conferences		√			§200.432
17	Contingency provisions			With exception		§200.433
18	Contributions and donations			(made by recipient)		§200.434
19	Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements		√			§200.435
20	Depreciation & use allowances	Allowable with qualifications				§200.436
21	Deans of faculty and graduate schools					



22	Employee morale, health and welfare costs		√			§200.437
23	Entertainment costs			√ (3.1)		§200.438
24	Equipment and other capital expenditures					§200.439
25	Exchange rates		√			§200.440
26	Fines, penalties, damages and other settlements			with exception		§200.441
27	Fund raising and investment management costs			with exception		§200.442
28	Gains and losses on disposition of depreciable assets		√			§200.443
29	General government expenses				√	§200.444
30	Goods or services & Housing and personal living expense		(Housing) (Part-3.2)	√ (Both in Part-3.1)		§200.445
31	Idle facilities and idle capacity		idle capacity	Idle facilities unallowable with exception		§200.446
32	Insurance and indemnification		√			§200.447
33	Intellectual property		√			§200.448
34	Interest		√			§200.449
35	Interest - substantial relocation					
36	Labor relations costs	√				



37	Lobbying			with exception (3.1) Special additional restriction (3.2)		§200.450
38	Lobbying - executive lobbying costs			√		
39	Losses on other sponsored agreements or contracts			√ (To be included in the indirect cost rate base for allocation of indirect costs)(3.2)		§200.451
40	Maintenance and repair costs		√			§200.452
41	Materials and supplies costs,		√			-
42	Materials and supplies costs, including computing devices		√			§200.453
43	Meetings and conferences		√			
44	Memberships, subscriptions, and professional activity costs	(3.1) for civic and community organizations with federal approval (3.1)	√ (3.2)	1. for lobbying organizations(3.2) 2. for social organizations (3.1)		§200.454



45	Organization costs			Except Federal prior approval		§200.455
46	Page charges in professional journals		√			
47	Participant support costs	With prior approval of federal agency				§200.456
48	Plant and homeland security costs	Capital expenditures are subject to §200.439	√ (3.1)			§200.457
49	Patent costs		√			
50	Pre-agreement costs		√			
51	Professional service costs		√			§200.459
52	Proposal costs		√ (3.2)		√ (3.1)	§200.460
53	Publication and printing costs		√			§200.461
54	Rearrangement Cost	Ordinary & Normal; allowable with federal prior approval (special)				§200.462
55	Reconversion Cost	(Ordinary & Normal)	√			§200.462
56	Recruiting costs		√			§200.463
57	Relocation costs of employees		√			§200.464



58	Rental costs of real property and equipment		√			§200.465
59	Royalties and other costs for use of patents		√			
60	Scholarships and student aid costs	√				§200.466
61	Selling and marketing costs			With Exception		§200.467
62	Specialized service facilities		√			§200.468
63	Student activity costs			(3.2) unless specifically provided for in the Federal award	√	§200.469
64	Taxes (including Value Added Tax)		√			§200.470
65	Termination costs		√			§200.471
66	Termination costs applicable to sponsored agreements		√			
67	Training & education costs	With Limitation & for employee development				§200.472
68	Transportation costs	√ (3.1)	√ (3.2)			§200.473
69	Travel costs		√			§200.474
70	Trustees		√			§200.475

Checklist Questionnaire

OMB Circular A – 133

Cash Management

Serial	Particular	Comment	Supporting	Compliance Requirement	Reference
01	Is there any established written procedure to implement the requirements?			Entity must establish written procedures to implement the requirements of 2 CFR section 200.305 (2 CFR section 200.302(b)(6))	3.2-C-1
02	For those programs that received advances of Federal funds, Is there any procedures established to minimize the time between			When awards provide for advance payments, recipients must follow procedures to minimize the time elapsing between the transfer of funds form the U.S. Treasury and disbursement and establish similar procedures for sub recipients.	3.1 & 3.2-C-1
03	Does ICDDR,B has established procedures to ensure timely and accurate reports on subrecipients' cash balance and cash disbursements?			Pass-through entities must establish reasonable procedures to ensure receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete and accurate cash transactions reports to the Federal awarding agency or pass-through entity.	3.1-C-1 3.2-C-2
04	Does ICDDR,B report and remit the amount of interest			Interest earned on Federal fund balances in excess of \$250, regardless of the funding agency, is required to	3.1-C-1 3.2-C-2



	earned on Federal fund properly?			be remitted to Department of Health and Human Services.	
05	When funded on a reimbursement basis, does ICDDR,B pay program costs from its own funds before requesting for reimbursement?			When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal government.	3.1-C-1
06	Does ICDDR,B utilize funds from program income before requesting additional Federal cash payments?			To the extent available, the entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional Federal cash draws.	3.2-C-2
07	Does ICDDR,B consolidate anticipated cash needs with advance payments requests?			Whenever possible, advance Federal payments must be consolidated to cover anticipated cash needs for all Federal awards made by the Federal awarding agency to the recipient.	CFR 200.305(2)
08	Does ICDDR,B compare actual expenditure with budget amount for each Federal award?			Comparison of expenditures with budget amounts for each Federal awards must be made?	CFR 200.302(5)
09	Does ICDDR,B properly disclose			Accurate, current, and complete disclosure of the financial results of	CFR 200.302(2)



	financial results of each Federal award or program according to the applicable frameworks?			each Federal award or program in accordance with the reporting requirements set forth CFR 200. 327 Financial Reporting and 200.328 Monitoring and reporting performance	
10	Does ICDDR,B maintains proper records supported by source documentations in order to identify adequately the source and application of funds?			Records that identify adequately the source and application of funds for Federally-funded activities must be kept. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.	CFR2- 200.302(3)
11	Does ICDDR,B deposit advanced funds in insured accounts whenever possible?			Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible.	CFR2- 200.305(7)(ii)
12	Does ICDDR,B maintains advanced Federal awards in excess of \$120000 in interest bearing account when expected interest is reasonably greater than \$500?			If advanced payment of Federal award is equal or greater than \$120000 and best reasonably available interest bearing account is expected to earn interest more than \$500 then it must be maintained interest bearing accounts.	CFR2- 200.305(8)



13	Does ICDDR,B withheld payments for allowable costs at any time during the period of performance?			Unless otherwise required by Federal statutes, payments for allowable costs by non-Federal entities must not be withheld at any time during the period of performance unless the conditions of §§200.207 Specific conditions, Subpart D—Post Federal Award Requirements of this part, 200.338 Remedies for Noncompliance.	CFR2- 200.305(6)
----	--	--	--	---	------------------



OMB Circular A - 133

M. Eligibility

Part - 3.1 & 3.2

Sl.	Particulars	Yes/No	Supportings	Compliance Requirement	Reference	
					Part 3.1	Part - 3.2
1	Does icddr,b maintain specific computer system for processing individual eligibility determinations and delivery benefits?			The non-Federal entity may use a computer system for processing individual eligibility determinations and delivery of benefits.	3.1-E-2	3.2-E-2
2	Have any short documented directive or list of factors as a standard to select eligible one and their desired benefits?					
3	Does maintain eligibility records with all required information?			Maintain eligibility records, including information about each individual and benefits paid to or on behalf of the individual	3.1-E-2	3.2-E-2
4	Is tracking the period of time during which an individual be eligible to receive benefits and stop those benefits?			Track the period of time during which an individual is eligible to receive benefits, from the beginning date of eligibility through the date when those benefits stop.	3.1-E-2	3.2-E-2
5	Does match collected data with other source of database to verify eligibility?			Perform matches with other computer databases to verify eligibility.	3.1-E-2	3.2-E-2



6	Have any control on authority who approve benefits for eligibility?			Control who is authorized to approve benefits for eligibles.	3.1-E-2	3.2-E-2
7	Does icddr,b use a quality control process to obtain assurance about eligibility?			The non-Federal entity is required to use a quality control process to obtain assurances about eligibility.	3.1-E-4	3.2-E-4
8	In case of subrecipient, does icddr,b obtain a copy of approved application to identify the applicable eligibility requirements?			If the determination of eligibility is based upon an approved application or plan, obtain a copy of this document and identify the applicable eligibility requirements.	3.1-E-4	3.2-E-4
9	Does select a sample of the awards to subrecipients and perform procedures to verify that the subrecipients were eligible and amounts awarded were within funding limits?			Select a sample of the awards to subrecipients and perform procedures to verify that the subrecipients were eligible and amounts awarded were within funding limits	3.1-E-4	3.2-E-4



Equipment & Real Property Management

Serial	Particular	Comment	Supporting	Compliance Requirement	Reference
01	Is the equipment records maintained properly?			Equipment records should be maintained, a physical inventory of equipment shall be taken at least once every 2 years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.	(2 CFR PART 200, APPENDIX XI (Compliance Supplement 2016) 3.1-F-1)
02	Is the property/equipment with a current per unit fair market value of \$5000 or more no longer needed for a Federal program?			When equipment with a current per unit fair market value of \$5000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate (percent of Federal participation in the cost of the original project) amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return	(2 CFR PART 200, APPENDIX XI (Compliance Supplement 2016) 3.1-F-1)
03	Is the organisation maintain a written approval for transferring property?			For non-Federal entities should be covered by OMB Circular A-110 and with written approval from the Federal awarding agency, the real property may be used in other federally sponsored projects or programs that have purposes consistent with those	(2 CFR PART 200, APPENDIX XI (Compliance Supplement 2016) 3.1-F-1)



				authorized for support by the Federal awarding agency.	
04	Is the entity follow the guidelines for property records?			Verify that the property records should contain the following information about the equipment: description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and any ultimate disposition data including, the date of disposal and sales price or method used to determine current fair market value.	(2 CFR PART 200, APPENDIX XI (Compliance Supplement 2016) 3.1-F-3)
05	Whether the equipment is appropriately safeguarded and maintained?			Select a sample from all equipment identified as acquired under Federal awards from the property records and physically inspect the equipment, including whether the equipment is appropriately safeguarded and maintained.	(2 CFR PART 200, APPENDIX XI (Compliance Supplement 2016) 3.1-F-3)
06	Whether the awarding agency was reimbursed for the appropriate Federal share in case of disposition?			For dispositions of equipment acquired under Federal awards with a current per-unit fair market value of \$5000 or more, test whether the awarding agency was reimbursed for the appropriate Federal share.	(2 CFR PART 200, APPENDIX XI (Compliance Supplement 2016) 3.1-F-4)
07	Did the non-Federal entity submit annually an inventory			Title to federally-owned property remains vested in the Federal Government. The non-Federal entity	(§200.312 Federally-owned and exempt



	listing of federally-owned property to the Federal awarding agency?			must submit annually an inventory listing of federally-owned property in its custody to the Federal awarding agency.	property (a))
08	Did the non-Federal entity submit annually an inventory listing of federally-owned property to the Federal awarding agency?			Title to federally-owned property remains vested in the Federal Government. The non-Federal entity must submit annually an inventory listing of federally-owned property in its custody to the Federal awarding agency.	(§200.312 Federally-owned and exempt property (a))
09	Does the Federal awarding agency fail to provide requested disposition instructions in any case within 120 days?			Except as provided in §200.312 Federally-owned and exempt property, paragraph (b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling	(§200.313 Equipment(e disposition 2))



				expenses.	
10	Is there any depreciation charged on any outlived asstes?			No depreciation may be allowed on any assets that have outlived their depreciable lives	(§200.436 Depreciation (4))
11	What method of depriciation is followed ?			The depreciation method used to charge the cost of an asset (or group of assets) to accounting periods must reflect the pattern of consumption of the asset during its useful life. In the absence of clear evidence indicating that the expected <u>consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight-line method must be presumed to be the appropriate method.</u> Depreciation methods once used may not be changed unless approved in advance by the cognizant agency. The depreciation methods used to calculate the depreciation amounts for indirect (F&A) rate purposes must be the same methods used by the non-Federal entity for its financial statements.	(§200.436 Depreciation (2))

Compliance Requirement

Serial	Particular	Comment	Remark	Compliance Requirement	Reference
01	Are the costs verifiable from the non-Federal entity's records?			Costs and contributions should be verifiable from the non-Federal entity's records.	2 CFR section 200.306
02	Does icddr,b include other federally assisted project or program's fund to another one?			Not allowed to include as contributions for any other federally assisted project or program, unless specifically allowed by Federal program laws and regulations.	2 CFR section 200.306
03	Are the costs provided for in the approved budget when required by the Federal awarding agency?			Costs should be provided for in the approved budget when required by the Federal awarding agency.	2 CFR section 200.306
04	Are allowed under 2 CFR part 200, subpart E?				Allowed under 2 CFR part 200, subpart E (Cost principle)
05	Have there any in Kind contribution ?			Test records to corroborate that the values placed on in-kind contributions (including third party in-kind contributions) are in accordance with the suggested circular program regulations, and the terms of	2 CFR sections 200.306, 200.434, & 200.414



				the award.	
06	Does icddr,b follow suggested circular for identify values placed on in kind contribution?			Test records to corroborate that the values placed on in-kind contributions (including third party in-kind contributions) are in accordance with the suggested circular program regulations, and the terms of the award.	2 CFR sections 200.306, 200.434, & 200.414
07	Are the sources of matching contribution and perform from allowable source?			Ascertaining the sources of matching contribution and perform must be from the allowable source.	Part 3.2
08	Are non-federal entity's contributions of service and property established in accordance with the cost principle in Subpart-E- Cost Principle?			Values for non-federal entity's contributions of service and property must be established in accordance with the cost principle in Subpart-E- Cost Principle.	Part 3.1
09	Are donated property from third part valued at fair market value at the time of donation?			Value assessed to donated property included in the cost sharing or matching share must not exceed the fair market value of the property at the time of the donation.	
10	Are allowable categories of			Test should be performed to verify that only allowable	Part 3.2



	expenditure or other effort indicators included properly?			categories of expenditures or other effort indicators (e.g., hours, number of people served) were included in the computation and that the categories were consistent from year to year. For example, in some programs, capital expenditures may not be included in the computation.	
11	Are the amounts used in the computation and non-monetary effort indicators supported by official records?			Procedures should be performed to verify that the amounts used in the computation were derived from the books and records from which the audited financial statements were prepared and to verify that non-monetary effort indicators were supported by official records.	Part 3.2
12	Does non-monetary efforts indicators were supported by official recods?			Verify that non-moneytary efforts indicators were supported by official recods.	Part 3.2



Schedule of Expenditures of Federal Awards (SEFA)

International Centre for Diarrhoeal Disease Research, Bangladesh (icddr,b)							
Schedule of Expenditures of Federal Awards							
For the Year Ended 31 December 2016							
Cluster/Agency/CFDA	Program Description			Passthrough Institution		Passthrough ID	Total (USD)
Research and Development Cluster							
Department of Health and Human Services							
93.283	Addressing Emerging Infections Disease in Bangladesh			Not Applicable		Not Applicable	4,077,473
93.283	Strengthening Public Health Capacity in Bangladesh			Not Applicable		Not Applicable	1,104,878
Centers for Disease Control and Prevention Investigations and Technical Assistance Subtotal							5,182,351
93.393	Chemoprevention of arsenic-induced skin cancer			The University of Chicago, USA		FP044706-C (Prime Award # R01CA107431)	720
Cancer Cause and Prevention Research Subtotal							720
93.989	Training Program in Vaccine Development and Public Health			Massachusetts General Hospital (MGH), USA		219426 (Prime award # 5D43TW005572-15 & 17)	140,377
93.989	Bangladesh Centre for Global Environmental and Occupational Health			Not Applicable		Not Applicable	79,401



93.989	1/2 Bangladesh Centre for Global Environmental and Occupational Health - Bangladesh		Not Applicable		Not Applicable	166,785
93.989	Global Health Fellows and Scholars Research Training Program		Board of Trustees of the Leland Stanford Junior University, USA		00007902; 61087818-105415-G; P.O # 61087818 (Prime Award # 5R25TW0009388-04)	34,539
93.989	Global Health Fellows and Scholars Research Training Program		Board of Trustees of the Leland Stanford Junior University, USA		00007902; 61056084-105415-E (Prime Award # 5R25TW0009388-04)	20,000
93.989	Humoral and adaptive immune responses study in Vibrio cholerae infection		Not Applicable		Not Applicable	17,965
93.989	Effect of Cook Stove Exposure on Adverse Pregnancy Outcomes and Infant ALRI		University of Southern California, USA		77909770 (Prime Award # 1K01TW009996-01A1)	9,160
93.989	University of California Global Health Institute Program for Fellows & Scholars		The Regents of the University of California		9595sc (Prime Award # 3R25TW009343-05S2)	10,058
International Research and Research Training Subtotal						478,285
93.855	Epidemiology and Ecology of Vibrio Cholera in Bangladesh		Johns Hopkins University Bloomberg School of Public Health, USA		2000982909 (Prime Award # 5R01AI039129, 5R01AI039129-15 REVISED & R01AI039129)	158,851
93.855	Tuberculosis Second Line Drug Susceptibility Chip		The Rector And Visitors of the University of Virginia, USA		GC12059-139630 (Prime Award # 5 R01 AI093358-05)	19,832



93.855	Novel Antigen Identification for an Enterotoxigenic E. Coli Vaccine		Washington University, USA		WU-12-295-MOD-1 & WU-16-66 (Prime Award # 5R01AI089894-08 & 2R01AI08989407)	85,547
93.855	Immune Responses to Vibrio Cholera Infection and Vaccination in Haiti		Massachusetts General Hospital (MGH), USA		221574 & 228579(Prime Award # 5R01AI099243-04 & 4R01AI099243-05)	33,403
93.855	Accelerated Molecular Probe Pipeline		University of Washington		Sub-contract No. UWSC6977; P.O # 751352 (Prime Award # 5U01 AI082186-06)	16,737
93.855	Innate and Early B Cell Responses to Vibrio Cholerae		Massachusetts General Hospital (MGH), USA		223544 (Prime Award # 5R01AI103055-03 & 04)	68,494
93.855	MD-INMD Field Studies of Cryptosporidiosis in Bangladesh		The Rector And Visitors of the University of Virginia, USA		GC12269 145053 & GB10228 145053 (Prime Award # 5R01AI043596-17 & 4R01AI043596-18)	100,359
93.855	O-Specific Polysaccharide Responses and Cholera		Massachusetts General Hospital (MGH), USA		224176 (Prime Award # 5R01AI106878-02 & 5R01AI106878-03)	118,043
93.855	Improving Diagnostic Capabilities for Typhoid Fever		Massachusetts General Hospital (MGH), USA		5R33AI100023-04 & 5R33AI100023-05	105,608
93.855	MD-INMD-ID Reduced Injectable, Short-course for (E)Xpert MDR-TB [RISE Trial]		The Rector And Visitors of the University of Virginia, USA		GB10074 146979 (Prime Award # 1R34AI112371-01)	10,003
93.855	Identifying Transmission Routes for Cholerae among Household Contacts of Cases		Johns Hopkins University Bloomberg School of Public Health, USA		P.O: 2002641764 (Prime Award # 5K01AI110526-02)	25,307



93.855	Phase IIa Clinical Trial of the Reprofiled Drug Auranofin for GI Protozoa			The Regents of the University of California		Subaward # 68314776, P.O # S9001211 (Prime Award # 1U01AI110435-01A1 & 5U01AI110435-02)	83,380
93.855	MD-INMD-ID Diagnostics and Pharmacotherapy for Severe Forms of TB			The Rector And Visitors of the University of Virginia, USA		GB10185 150021 & GB10185 151055 (Prime Award # 1U01AI115594-01 & 5U01AI115594-02)	97,432
93.HHSN27220090010C	Phase II, Randomized, Double-blinded, Placebo-controlled Study of the Safety and Immunogenicity of the Recombinant Live Attenuated Tetravalent Dengue Virus Admixture TV005 in Healthy Adults, Adolescents, and Children in Bangladesh (Tasks)			The University of Vermont and State Agricultural College		22460SUB (Prime Award # HHSN27220090010C)	301,046
93.855	Transmission Dynamics of Multi-Drug Resistant Uropathogenic E.coli in Bangladesh			Not Applicable		Not Applicable	50,567
Allergy and Infectious Diseases Research Subtotal							1,274,609
93.865	Maternal Genitourinary Infections and Adverse Perinatal Outcomes			Johns Hopkins University Bloomberg School of Public Health, USA		2001238578 (Prime Award # R01HD066156)	37,830
93.865	Spillover Effects of Water, Sanitation, and Hygiene Interventions on Child Health			The Regents of the University of California		00008471 & 00008471-01 (Prime Award # 5R21HD076216-02)	23,543



93.865	Effects of Sanitation on Pathogen Transmission and Child Health in Bangladesh			Board of Trustees of the Leland Stanford Junior University, USA		60920745 - 110499 (ICDDR,B) & REQ NO. 3785451 & 4015746 (Prime Award # 5R01HD078912-02 & 03)	179,624
93.865	MD-INMD-ID Non-Respiratory Biomarkers to Diagnose and Monitor Response in Pediatric TB			The Rector And Visitors of the University of Virginia, USA		GB10168 150026 (Prime Award # 1R21HD084718-01)	116,242
93.865	A Multilevel Analysis of Partner Violence			Emory University, USA		28686 ICDDR-Bangladesh (Prime Award # 1 R03HD081438-01)	6,949
Child Health and Human Development Extramural Research Subtotal							364,188
93.866	Long-Term Effects of Health and Development Interventions in Rural Bangladesh			Regents of the University of Colorado, USA		1547265 (Prime Award # 1R01AG033713-01A1)	32,354
Aging Research Subtotal							32,354
93.113	Cohort Follow-up Study of Children Exposed to Arsenic in Utero and Early Childhood			The Regents of the University of California		00008558-01 & 02 (Prime Award # 5R01 R01ES021799-02 & 03)	80,517
Environmental Health Subtotal							80,517
93.859	Phages and Genomic Variation in Vibrio Cholerae Evolution			President and Fellows of Harvard College, Harvard Medical School, USA		152611.5053342.0006 (Prime Award # 5R01GM068851-12& 2R01GM068851-09)	61,571
Biomedical Research and Research Training Subtotal							61,571
Total Department of Health and Human Services							7,474,595



Agency for International Development						
98.001	Implementation Research for Testing Effective Strategies to Expand and Improve Maternal, Newborn and Child Health, Nutrition, Reproductive Health/Family Planning and Tuberculosis Services in Bangladesh (TRAction Project)		University Research Co., LLC		FY11-G04-6990 (Prime Award # GHS-A-00-09-00015-00)	213,844
98.001	Food and Nutrition Technical Assistance III (FANTA-III)		The Regents of the University of California, Davis, USA		201121293-06 - ICDDR,B (Prime Award # W0678)	367,668
98.001	Defining the Ecology of the Nipah Virus Outbreaks in Bangladesh: Identifying Additional Potential Foodborne and Livestock Transmission Routes		National Academy of Sciences (The National Academies), USA		2000002048 (Prime Award # AID-OAA-A-11-00012)	32,024
98.001	Evidence-based Knowledge into Practice: Extending a Successful Maternal, Neonatal and Child Health Program in Matlab into the Government Health System in Bangladesh		National Academy of Sciences (The National Academies), USA		2000003606 (Prime Award # AID-OAA-A-11-00012)	142,412
98.001	Technical Support to MaMoni-Health System Strengthening (MaMoni-HSS) Project		Save the Children International in Bangladesh		SCI SOF:84000783, SAI:5099	245,850
98.001	Support for Improved Functioning of the Planning Wing and other Departments of MOHFW		Johns Hopkins University Bloomberg School of Public Health, USA		P.O: 2001726549 (Prime Award # GHS-A-00-09-0004-00)	6,650
98.001	Monitoring and Evaluation to Assess and Use Results (MEASURE) Evaluation Phase IV Project		University of North Carolina at Chapel Hill, USA		5055193 (Prime Award # AID-OAA-L-14-00004)	227,016



98.001	Monitoring and Evaluation to Assess and Use Results (MEASURE) Evaluation Phase IV Project		University of North Carolina at Chapel Hill, USA	5101610 (Prime Award # AID-OAA-L-14-00004)	522,475
98.001	Investigating the Effectiveness of Earthen Barriers to Mitigate the Leeching of Pathogens from Pit Latrines in Coastal Bangladesh		Family Health International (FHI), USA	101145.001.001.007 & 101145-Icddr,b-01; PO. 16000543(Prime Award # AID-OAA-A-10-00040)	97,736
98.001	PREDICT-2 Bangladesh		EcoHealth Alliance (EHA), USA	P2Y2ICDDRB01 (Funding Source # 07-306-7119-52263)	104,934
98.001	CHOB17: An Innovative Hospital Based WASH Intervention for Hospitalized Diarrheal Patients		Johns Hopkins University Bloomberg School of Public Health, USA	PO# 2003051956 (Prime Award # AID-OAA-15-00038)	100,576
Total United States Agency for International Development Foreign Assistance for Programs Overseas					2,061,185
Total Agency for International Development					2,061,185
Department of Agriculture					
10.001	Newborn Vitamin-A Supplementation		Not Applicable	Not Applicable	4,385
10.001	Newborn Vitamin A Supplements, Gut Microbiota, and Vaccine Response at 15-18m in Bangladeshi Infants		Not Applicable	Not Applicable	32,945
10.001	Investigation of Wild to Domestic Bird Avian Influenza Transmission: Multi-year Monitoring and Surveillance Program		International Union for Conservation of Nature and Natural Resources	P01433	16,530
Agricultural Research_Basic and Applied Research Subtotal					53,860
Total Department of Agriculture					53,860



National Science Foundation							
47.075	Finding Safe Drinking Water to Mitigate Arsenic Contamination: Tube Wells, storage and Diarrhea			University of North Carolina at Chapel Hill, USA		5104843 (Prime Award # 1560970)	7,989
Social, Behavioral, and Economic Sciences Subtotal							7,989
Total National Science Foundation							7,989
Total Federal Award Expenditure under Research and Development Cluster							9,597,629