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**Analysis of Internal Control and Internal
Auditing System of Abdul Monem Limited**





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Submitted To

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Letter of Transmittal

Sayed Farrukh Ahmed Assistant Professor Department of Business Administration Daffodil International University

Subject: Submission of Internship Report

Dear Sir, I have the pleasure to submit the Internship Report on the “Analysis of Internal Control and Internal Auditing System of “Abdul Monem Limited” as a part of requirement for completion of the BBA program.

To prepare this Report, I have tried to devote my best effort and conducted extensive judgmental work to find out the study relevant materials. It gives me the opportunity to acquaint myself with Abdul Monem Limited. I believe that the experience I have acquired from the internship will be an invaluable asset in my career. A detailed analysis of the overall performance of Internal Control and Internal Auditing System of Abdul Monem Limited is focused in this report. During the process of preparation of report, due to various constraints there may be some mistakes. I would be grateful if you consider those from excusable point.

Finally, I hope that, you will enjoy going through this report as I have felt great pleasure to prepare it. I shall be pleased to answer any sort of query you may have regarding this report.

Sincerely yours,

.....

Abdul Alim

ID No: 152-11-4769 (Major in Accounting)

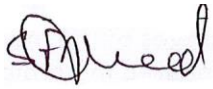
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Approval Certificate

This is certify that Abdul Alim, ID: 152-11-4769, is a regular student of Bachelor of Business Administration, Faculty of Business & Entrepreneurship, and Daffodil International University. He has effectively completed has 3 months' internship program at Abdul Monem Limited and has prepared this internship report under my supervision. I wish him every success in life.

 26.12.18

.....
Sayed Farrukh Ahmed

Assistant Professor

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The accomplishment of the study has been greatly aided by the support of a large number of people. However, some of them must be noted out for special mention for their contribution. It is pleasure to express my best regards, profound gratitude, indebtedness and sincere appreciation to my respected supervisor, Sayed Farrukh Ahmed Assistant Professor Department of Business Administration Daffodil International University of Dhaka who gave me an opportunity to prepare my internship report based on the “Analysis of Internal Control and Internal Auditing System of Abdul Monem Limited”. He always had the time to give me prompt and expert guidance, constructive advice, generous support and unremitting encouragement throughout the course of the paper.

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Executive Summary

Abdul Monem Limited (AML) is one of the main combinations in Bangladesh. AML is a Private Limited Company. The Internal Control and Compliance is one of the help office built up in Abdul Monem Limited with the end goal to keep up a powerful and smooth working in the association .And additionally to screen every one of the exercises like from intending to income age every progression of AML and its backups.

Interior Control is the instrument set up consistently to control the exercises in an association, both at a focal and at a departmental divisional dimension. A key part of powerful internal control is the task of a strong bookkeeping and data framework.

Inner Audit is the most critical piece of an association for keeping the essential corporate administration in any association. Abdul Monem Limited is one of the biggest generation based associations and their business is extended in general the nation subsequently it is very difficult for them to moderate a fitting corporate administration. The target of interior review division, in participation with AML, is to help the entire arrangement everything being equal so any sort of misappropriations can be ceased.

And furthermore to guarantee the Audit Committee a sound Internal Control Structure by guaranteeing that Internal Auditing capacities are built up in the AML, that a best practice inside review process system is connected and that the interior review consistence detailing and the inward review special case revealing procedures are clung to. The organization attempts to hold great and solid inside control and consistence structure by keeping up order and truthfulness everywhere throughout the association through its talented and devoted workers. The job of interior review and inside control of AML is huge. This single factor assumes an extraordinary job in supporting the trustworthiness and estimations of the association by looking at, assessing changed exercises of the association.

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Chapter- One

Introduction

1.1 Background of the Report

In fact, Internal Control and Compliance System provide a descriptive framework of Internal Control as well as management under the regulation provided by Bangladesh Bank.

Internal control is a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objective in the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

1.2 Justification of the report

As my major subject is accounting and I worked in the department of Internal Control & Compliance of AML, I have chosen the topic titled "Operations Of Internal Control and Internal Auditing in Manufacturing Sector: ABDUL MONEM LIMITED". This topic has a great importance as the internal control is very much essential to run an institution smoothly and effectively as well as to achieve the goal. I have chosen this topic as it will let me have a practical knowledge on this important area. This report is suitable for the people who are engaged in the related field of this organization. It is strongly believed that this study will be used as comprehensive & informative one.

1.3 Scope of the report

During this three months internship program in ABDUL MONEM LIMITED almost all the departments related to the internal control & compliance have been observed. It was not an easy task to collect all the information relevant to my report topic. I had been focused on the Internal Control Systems over the revenue and capital expenditures. The area of my study has been encompassed the manufacturing and construction sector of ABDUL MONEM LIMITED for a period of three months from October 24, 2018 to January 24 ,2018.

1.4 Objectives of the study

- ✓ To investigate the report is to explore the Internal Control and Internal Audit Systems of Abdul Monem Limited.
- ✓ To identify the problems of Abdul Monem Limited.
- ✓ To provide recommendations based on findings.

1.5 Methodology

In this study, descriptive and qualitative research has been undertaken to maintain guidance of my departmental supervisor and to gain insights and understanding about the internal control systems over the revenue and capital expenditure exists Abdul Monem Limited.

1.5.1 Research Design

The report is descriptive and judgmental in nature. To perform the study data sources were identified and collected. The collection were classified, analyzed, interpreted and presented in a systematic manner and key points were found out. The overall process of methodology is given below in the form of flowchart.

- Selection of Topic
- Identifying Data Sources
- Collection of Data
- Classification, Analysis, Interpretation and Presentation of Data
- Findings of the Study
- Final Report Preparation

1.5.2 Sources of Data

Both primary and secondary data sources are used to collect the information to complete the report in good health:

1.5.3 Primary Data

- Face to face conversation with the head of internal control and compliance, deputy managers and other related executives
- Raw data like purchase vouchers, bills, factory indents and so on
- Regular observation in corporate head office
-

Secondary Data

- Relevant documents provided by the officials and personnel
- Web site of AML
- Several text books

- Different articles on Internal Control
- Web site search and so on

1.5.5 Primary data collection

Formal face to face conversation: I have collected primary data through face to face conversation with the deputy managers & other officers of internal control and compliance department by using a questionnaire.

Observation of their daily activities: I have also collected some data by observing the activities performed by the personnel of this department in corporate head office of AML.

1.5.6 Secondary data collection

I have collected the secondary data from the supporting documents of this institute, relevant documents provided by the officials, text book, articles as well as web site of AML. I have done these within the period of my three months internship program.

Randomly some people were selected for the analysis purpose. The way in which sampling is conducted is only a part of the total design of an analysis process.

1.6 Limitation of the study

Every organization has some own secrecy, which cannot be & should not be disclosing to an outsider. So I had some limitations to enter in to the affairs of AML in depth. Moreover, the employees of the organization had their own routine duties. In spite of their full cooperation I failed to discuss about every intended aspects in details.

- Only three month is not enough time for this kind of study. So, it is very much tough to prepare the report in good health.
- As a student, I am not experienced about this type of task. Due to lack of experience, it is very much tough for me to prepare the report properly.
- Audit departments usually have policy of not disclosing some sensitive data and information for obvious reason posed an obstacle to the practical orientation that could be very much useful

- Every employee didn't show their spontaneous attendance in my questionnaire survey
- I had no experience of internship. So inexperience is another constraint of the study.
- Internal control is an existing issue in Bangladesh but internal audit is almost a new concept in Bangladesh therefore relevant reading material about my topic was not adequate

Chapter-Two

Organizational Profile of Abdul Monem Limited

2.1 Corporate Profile

Corporate profile is a brief depiction of an organization, among different things of data, incorporates:

- Firm's history o Number and nature of its human, monetary, and physical assets
- Organizational and the executives structure
- Past, current and foreseen execution
- Its notoriety, and the remaining of its merchandise or benefits, etc.

2.1.1 History/Background of the Company

AML began its task in 1956 as a development firm and was occupied with real government development work. Inside a couple of decades, the association enhanced its activity in different enterprises, particularly in sustenance and drink industry. AML began its Ice Cream plant in Chittagong in 1964 with a brand name IGLOO pursued by the packaging permit and distributorship of Coca Cola in 1982.

2.1.2 Timeline of Success

A course of events is a graphical portrayal of a timeframe, on which essential occasions are stamped. The accompanying course of events demonstrates the generally speaking and step-wise achievement of Abdul Monem Limited in various field of business.

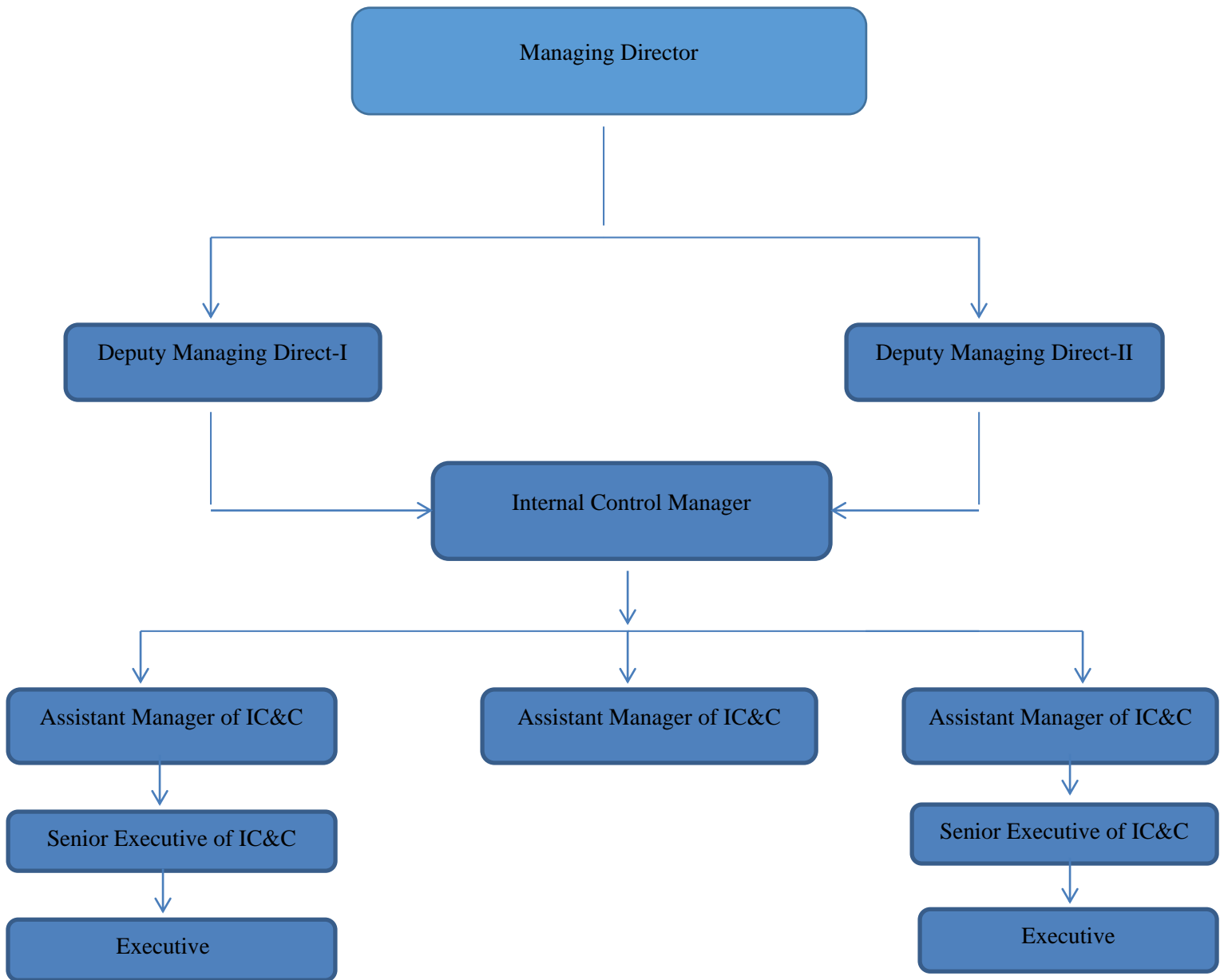
2.1.3 Present Business Focus of AML

Construction Contractors for the street and roadways, spans, structures and surge bank (Padma Multi-Purpose Breeze)

- Manufacturer of IGLOO Ice Cream
- Bottler and Distributor Coca Cola, Fanta and Sprite o Abdul Monem Sugar Refinery Ltd.
- Manufacturer of AMO Milk Liquid Pasteurized Milk
- Manufacturer of IGLOO Foods
- Producer of Energy and Power o Marketing of Mango Pulp and Yogurt

2.1.4 Organogram

An organogram is an illustration or plan that gives the names and occupation titles of all the staff in an association or office, indicating how they are associated with one another. Also, it's a chart that demonstrates the structure of an association and the connections between the distinctive individuals, divisions, and occupations at various dimensions inside that association.



2.2 Core Values and Beliefs

The basic beliefs are the core values that manage conduct and activity. Basic beliefs can assist individuals with knowing what is ideal from wrong; they can assist organizations with determining on the off chance that they are on the correct way and satisfying their business objectives; and they make an unfaltering and perpetual guide.

The center convictions and estimations of AML are driven by three viewpoints:

2.2.1 People

Individuals are the organization as it were. Supporting individuals and furnishing them with the chances to achieve their maximum capacity is critical. We likewise express our craving to serve the requirements surprisingly, particularly our esteemed clients, colleagues and the general public by and large by being dependable in making and conveying our items, administrations and business rehearses.

2.2.2 Prosperity

Add to the thriving of the general population related specifically or in a roundabout way with the association and also the monetary success of the nation with the utilization Of the advanced innovations guaranteeing superb items and administrations through a devoted, submitted, all around prepared and persuaded workforce – with largest amount of trustworthiness.

2.2.3 Progress

We take a gander at advancement by continually investigating approaches to enhance what we do, our benchmarks, our practices and surpassing our desires. We see advance by putting resources into the fate of our individuals and our business that will prompt social and natural with a view to accomplishing feasible improvement.

We at Abdul Monem Limited put our theory and standards in to rehearse in our day-to-day business exercises.

2.3 Vision

Ideal utilization of profitable assets including human to make esteem included items and administrations went for adding to the monetary, social and ecological advancement and flourishing of Bangladesh.

2.4 Mission

Offer some incentive included items and administrations by making a fruitful association among the general population, innovation and practices. Promise is to set up a flat out feeling of consideration of our representatives with our association and building enduring associations with our clients, business partners and partners by surpassing their desires and deep rooted trust through extraordinary execution. Exceed expectations in the entirety of our work, continually difficult to perform better and taking part in collaboration with the intend to accomplish gradual development of our business in this way positively affecting the network and the country in monetary and social advancement.

2.5 Achievement and Recognition

It generally feels great when we are perceived for our commitments to the general population, the general public and the country. We don't work for these acclaim rather we accept our work as our duty towards building a superior future for all.

- The longest TAX payer grant
- The longest VAT payer grant
- IFAWPCA gold award
- Business individual of the year 2008, Bangladesh
- commercially critical individual of 2010, 2011 and 2012
- Excellence for business execution from Jamuna Bank Ltd
- Igloo-No.1 dessert mark by Bangladesh Brand Forum
- Other acknowledgment from different Government divisions for business execution, corporate administration and commitment to national development

2.6 SWOT Analysis of Abdul Monem Limited:

Strengths of Abdul Monem Limited:

- 10,000 Skilled Workforces.
- Largest fleet of Construction equipment.
- Highest aggregate experience in construction industry.
- Largest commercial space in a single office building.
- Technical expertise and R&D provided by international authority of Coca Cola

Weakness of Abdul Monem Limited:

- Over dependency on the international Coca Cola authority
- No monitoring unit is available for measuring the performance of employees
- Dependence on Imported Materials
- High R&D Cost
- Excessive Marketing Costs

Opportunities of Abdul Monem Limited:

- At present, AML only bottles and distributes only three brands of beverages – Coca Cola, Sprite and Fanta. It is always possible to introduce other world famous Coca Cola brands like Bislery (Drinking Water), Maaza (Mango Drink) and others.
- AML currently can distribute its beverages only in Chittagong, Khulna, Sylhet and Barisal Division. The acquisition of the distributorship of the whole Bangladesh will be a great opportunity for AML
- AML could introduce a variant of its existing products such as sugar free and low calorie Igloo ice cream

- Scope of Improving Product and services.

Threats of Abdul Monem Limited:

- The ever rising number of new entrants in the business.
- Narrow brand of beverage product line compared to the competitors.
- Dominance of substitute beverage products like fruit juice.
- Unavailability of Raw Materials
- Increased TAX and VAT by government in budgets over Ice cream and Beverages could increase the cost and eventually the price of retail units of ice creams.

Chapter-Three

Internal Auditing

3.1 Definition of 'Audit'

Review is the examination or assessment of different books of records by a reviewer pursued by physical checking of stock to ensure that all offices are following reported arrangement of account exchanges. It is done to determine the precision of fiscal reports given by the association.

As characterized in ISO 19011:2011 Guidelines for reviewing the executives frameworks, a review is a "precise, free and reported process for acquiring review proof [records, articulations of actuality or other data which are applicable and verifiable] and assessing it unbiasedly to decide the degree to which the review criteria [set of arrangements, methods or requirements] are satisfied."

Reviewing is the on location check action, for example, investigation or examination, of a procedure or quality framework, to guarantee consistence to prerequisites. A review can apply to a whole association or may be explicit to a capacity, process, or generation step.

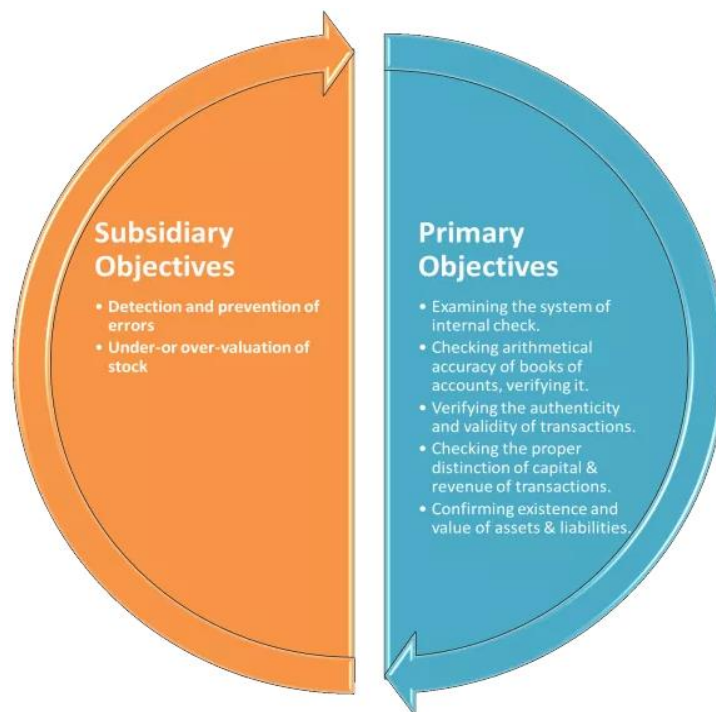
3.2 Objectives of a 'Audit'

The targets of the review can be classified into (I) essential goals and (ii) backup destinations.

Primary Objectives of Audit

The principle destinations of the review are known as essential targets of the review. They are as per the following:

- Examining the arrangement of inner check.



- Checking arithmetical precision of books of records, checking posting, throwing, adjusting and so forth.
- Verifying the credibility and legitimacy of exchanges.
- Checking the best possible refinement among capital and income nature of exchanges.

Confirming the presence and estimation of advantages and liabilities.

Confirming whether all the statutory necessities are satisfied or not. Demonstrating genuine and decency of working outcomes displayed by pay proclamation and money related position introduced by the accounting report.

II. Subsidiary Objectives of Audit

These are such goals which are set up to help in accomplishing essential targets. They are as per the following:

1. Detection and anticipation of blunders

Blunders are those errors which are submitted because of remissness or carelessness or absence of learning or without having personal stake. Mistakes might be submitted without or with any personal stake.

Along these lines, they are to be checked painstakingly. Mistakes are of different sorts. Some of them are:

- Errors of guideline.
- Errors of exclusion.
- Errors of commission.
- Compensating blunders.

2. Detection and aversion of cheats

Cheats are those mix-ups which are submitted purposely with some personal stake toward best dimension the board.

The board submits fakes to bamboozle charge, to demonstrate the adequacy of the board, to get more commission, to move an offer in the market or to keep up the market cost of offer and so forth. Location of misrepresentation is the fundamental employment of an evaluator.

Such cheats are as per the following:

- Misappropriation of money.
- Misappropriation of merchandise.
- Manipulation of records or distortion of records with no misappropriation.

3. Under-or over-valuation of stock

Ordinarily such fakes are submitted by the best dimension administrators of the business. Along these lines, the clarification is given to the evaluator additionally stays false.

Along these lines, a reviewer ought to recognize such cheats utilizing ability, information, and actualities.

III. Other targets

- To give data to pay impose specialist.
- To fulfill the arrangements of Companies Act.
- To have an ethical impact.

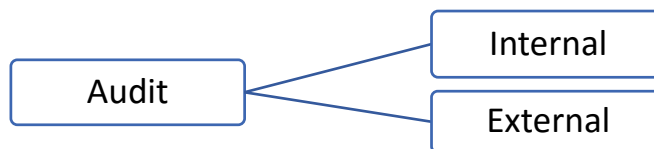
3.3 Steps in The Auditing Process



- The initial one is to characterize the evaluator's job and the terms of commitment which is for the most part as a letter which is appropriately marked by the customer (outer review) or organization (interior review).
- The second step is to design the review which would incorporate points of interest of due dates and the offices the reviewer would cover. The review could most recent daily or even seven days relying on the idea of the review.
- The next vital advance is gathering the data from the review. At the point when an evaluator reviews the records or examines key budget summaries (records) of an organization, the discoveries are typically placed out in a report or arranged in an efficient way.
- The last and most imperative component of a review is announcing the outcome. The outcomes are archived in the reviewer's report.

3.4 Different Types of Audit

Reviews are essentially characterized into Internal and External Audit.



a) Internal Audit

Interior review (otherwise called First-party review), is performed inside an association to quantify its qualities and shortcomings against its own systems or techniques as well as against outer guidelines received by (deliberate) or forced on (required) the association.

An inner review is directed by evaluators who are utilized by the association being audited and keep up inward control of the organizations inside funds and other related exercises.

b) External Audit

Outer review includes the examination of reality and reasonableness of the fiscal reports of an association by an outside examiner who is free of the association as per a revealing structure. Organization law in many purviews requires outer review on yearly reason for organizations over a specific size.

Outside inspectors are required to consent to proficient examining gauges, for example, the International Standards on Auditing and moral rules, for example, those issued by IFAC with the end goal to keep up a dimension of value and trust of all partners in the evaluating exercise.

The distinction among inner and outer review

While sharing a few qualities, inner and outer review have altogether different destinations. These are clarified in the table beneath:

	External audit	Internal audit
Reports to	shareholders or members who are outside the organization's governance structure	The board and senior management who are within the organization's governance structure
Objectives	Add credibility and reliability to financial reports from the organization to its stakeholders by giving opinion on the report	Evaluate and improve the effectiveness of governance, risk management and control processes. This provides members of the boards and senior management with assurance that helps them fulfill their duties to the organization and its stakeholders.
Coverage	Financial reports, financial reporting risks.	All categories of risk, their management, including reporting on them.
Responsibility for improvement	None, however there is a duty to report problems.	Improvement is fundamental to the purpose of internal auditing. But it is done by advising, coaching and facilitating in order to not undermine the responsibility of management.

Both inside and outer Audits can be extensively grouped into these sorts –

1. **Financial Audit** – It manages the evaluation and confirmation of the fiscal reports of an association. The point of this examining is to guarantee that the money related archives are not misused and are reasonable. They should likewise conform to the bookkeeping standards set up

by that specific association. It fundamentally manages Balance Sheet and Profit and Loss Accounts.

Money related review assesses the incomes and costs. It watches that the revealing or the money related reports are as per the concerned law, strategies and systems.

2. **Operational Audit** – This sort of review is performed to confirm that the assets are being use up in the association in the most ideal way to satisfy the point of the association. These are additionally now and again known as execution reviews. This kind of review accepts fixings from money related and also consistence review. Furthermore it additionally means to distinguish the tasks which have chances for further enhancement. It is done with the end goal to enhance operational proficiently. It confirms that the exercises being performed inside the organization are impeding gathering predefined the board destinations.

3. **Information System Audit** – This review centers around the association Information framework and its related activities. This is commonly finished with different sorts of reviews like monetary, and so forth. It assessed and inspects the information from IT frameworks and assesses their unwavering quality, particularly the ones affecting the fiscal summaries of the association.

It is known by different names like Information System Audit, innovation review, PC review, and so forth. IT investigates the specialized activity, server farm task and other application controls.

4. **Compliance Audit** – This review centers around resuscitating the dimension of consistent with strategies surrounded by the association or outside administrative necessities. It fundamentally confirms the consistence of tenets including enactment, controls, legally binding and administrative prerequisites. It endeavors to discover that whether there is any infringement of concerned laws and directions that are affecting the association. Strategies and guidelines set up by the organization assumes a huge job in keeping up the smooth working of the framework, and consequently this review plays an imperative standard to see if these principles are actualized appropriately or not.

5. **Integrated Audit** – Integrated evaluating consolidates numerous segment principally money related and activities, additionally including the part of data innovation. It centers around the more extensive range and along these lines is named as the incorporated review as it is together

arranged by the review group of monetary, operational and IT field. It additionally investigates the quality and other consistence concerns.

This kind of review is essential as it can give a total picture of concerned dangers. It might likewise be utilized for decide chances to build the stream of data in IT and process gatherings. This all-encompassing methodology of review is helpful for expanding the utilization of robotized controls.

3.5 Internal Auditing Definition

As indicated by the Definition of Internal Auditing in The IIA's International Professional Practices Framework (IPPF), inward evaluating is an autonomous, target affirmation and counseling movement intended to include esteem and enhance an association's tasks. It enables an association to achieve its targets by bringing a methodical, trained way to deal with assess and enhance the viability of hazard the board, control, and administration forms.

The job of inward review is to give free affirmation that an association's hazard the executives, administration and inside control forms are working successfully.

Interior evaluators are utilized by the organization or association for whom they are playing out the review. To the best of their capacity, inward reviewers give data to the board, directors, and different partners on the precision of their books and the adequacy of their inside frameworks.

Destinations of Internal Audit

- The destinations of an inner review are to:
- Establish the zones of hazard in the region being examined;
- Establish the controls set up to address those dangers and audit their sufficiency;
- Check whether the association's budgetary controls are being pursued;
- Carry out nitty gritty testing of the controls being depended on; and
- Make suggestions where shortcomings or wasteful aspects are watched.

Key Activities

Inner review is regularly fixated on certain key exercises which include:

- Monitoring the viability of inner controls and proposing enhancements

- Investigating cases of misrepresentation and burglary
- Monitoring consistence with laws and directions
- Reviewing and checking where fundamental the money related and working data
- Evaluating hazard the executives approaches and techniques of the organization
- Examining the viability, proficiency and economy of tasks and procedures

What Is Its Value To The Organization?

Inside reviewers manage issues that are in a general sense vital to the survival and flourishing of any association. In contrast to outer reviewers, they look past money related dangers and articulations to consider more extensive issues, for example, the association's notoriety, development, its effect on nature and the manner in which it treats its workers.

In total, interior evaluators assist associations with succeeding. They do this through a blend of confirmation and counseling. The confirmation part of their work includes telling supervisors and governors how well the frameworks and procedures intended to keep the association on track are working.

For what reason Is Internal Audit Important to the Organization?

By answering to official administration that imperative dangers have been assessed and featuring where upgrades are essential, the inner reviewer helps official administration and sheets to show that they are dealing with the association adequately in the interest of their partners. This is condensed in the statement of purpose of inward review which says that interior review's job is 'to improve and ensure hierarchical incentive by giving danger based and target affirmation, exhortation and knowledge'.

Henceforth, inside inspectors, alongside official administration, non-official administration and the outer evaluators are a basic piece of the best dimension administration of any association.

Inward Audit Execution

- A run of the mill Internal Audit Assignment includes the accompanying advances:

- Establishing and imparting the extension and targets of the Audit to proper individuals from the board.
- Developing a comprehension of the business region under audit - this incorporates targets, estimations and key exchange types and includes interviews and a survey of reports - flowcharts and stories might be made, if essential.
- Describing the key dangers confronting the business exercises inside the extent of the Audit.
- Identifying the executives rehearses in the five parts of control used to guarantee that each key hazard is appropriately controlled and observed. Inner Audit Checklist can be a useful apparatus to distinguish regular dangers and wanted controls in the explicit procedure or explicit industry being evaluated.
- Developing and executing a hazard based inspecting and testing way to deal with decide if the most vital administration controls are working as proposed.
- Reporting issues and difficulties recognized and arranging activity designs with the administration to address these issues.
- Following-up on detailed discoveries at suitable interims. Inward Audit Departments keep up a subsequent database for this reason.
- Audit Assignment length shifts dependent on the multifaceted nature of the movement being evaluated and Internal Audit assets accessible. A considerable lot of the above advances are iterative and may not all happen in the grouping showed.

Interior Audit Reports

Interior evaluators commonly issue reports toward the finish of each review that condense their discoveries, proposals, and any reactions or activity designs from the board. A review report may have an official outline—a body that incorporates the explicit issues or discoveries distinguished and related proposals or activity designs, and reference section data, for example, nitty gritty diagrams and graphs or process data. Each review finding inside the body of the report may contain five components, some of the time called the "5 C's":

- Condition: What is the specific issue recognized?

- Criteria: What is the standard that was not met? The standard might be an organization approach or other benchmark.
- Cause: Why did the issue happen?
- Consequence: What is the hazard/negative result (or opportunity inescapable) in view of the finding?
- Corrective activity: What should the board do about the finding? What have they consented to do and by when?

The proposals in an inner review report are intended to enable the association to accomplish powerful and proficient administration, hazard and control forms related with activities goals, monetary and the board announcing targets; and lawful/administrative consistence destinations.

Review discoveries and suggestions may likewise identify with specific affirmations about exchanges, for example, regardless of whether the exchanges inspected were substantial or approved, totally handled, precisely esteemed, prepared in the right era, and appropriately unveiled in monetary or operational detailing, among different components.

Under the IIA benchmarks, a basic segment of the review procedure is the readiness of a decent report that furnishes officials and the board with the chance to assess and gauge the issues being accounted for in the best possible setting and point of view. In giving point of view, examination and useful suggestions for business enhancements in basic regions, inspectors enable the association to meet its targets.

Nature of Internal Audit Report

- Objectivity - The remarks and suppositions communicated in the Report ought to be objective and unprejudiced.
- Clarity - The dialect utilized ought to be basic and clear.
- Accuracy - The data contained in the report ought to be precise.
- Brevity - The report ought to be succinct.
- Timeliness - The report ought to be discharged instantly quickly after the review is closed, inside multi month. Inward review is probably not going to aid the improvement of frameworks

since its key job will be in checking the general procedure and in giving affirmation that the frameworks which the divisions have structured meet targets and work viably. It is imperative that the inside review division holds objectivity towards these parts of their job, which is the reason inner review would for the most part not be engaged with the evaluation of dangers and the plan of the framework.

Chapter- Four

Introduction to Internal Control and Compliance (IC & C)

4.1 Definition of 'Inside Control and Compliance'

Inside control, as characterized in bookkeeping and evaluating, is a procedure for guaranteeing accomplishment of an association's targets in operational adequacy and productivity, dependable money related detailing, and consistence with laws, directions and strategies. A wide idea, interior control includes everything that controls dangers to an association.

It is a methods by which an association's assets are coordinated, checked, and estimated. It assumes an essential job in identifying and anticipating misrepresentation and ensuring the association's assets, both physical (e.g., apparatus and property) and immaterial (e.g., notoriety or protected innovation, for example, trademarks).

As it were Internal Controls are the structure, approaches and methodology set up to give sensible affirmation that administration meets its goals and satisfies its duties.

4.2 The COSO meaning of 'Inner Control and Compliance'

In 1992, the Committee of Sponsoring Organizations of the Tread way Commission (COSO) distributed a report called The Internal Control Integrated Framework, additionally referred to just as the COSO Report, or as the COSO Framework. It has turned into a generally acknowledged meaning of inward control as: "a procedure, affected by a substance's top managerial staff, the executives, and other work force, intended to give sensible affirmation in regards to the accomplishment of goals identifying with tasks, detailing, and consistence." It pursues that inward control is structured and actualized to address recognized business hazards that compromise the accomplishment of any of these targets.

The COSO meaning of 'Interior Control and Compliance' reflects certain essential ideas:

- Internal control is a procedure. It is a necessary chore, not an end in itself.
- Internal control is influenced by individuals.
- Internal control can be relied upon to give sensible confirmation, not total affirmation, to an element's administration and Board.
- Internal control is adapted to the accomplishment of destinations.

4.3 Company Objectives

An organization has different targets:

- To guarantee it reports its money related position effectively to investors.
- To guarantee that it works successfully and productively.
- To guarantee that it consents to important laws and controls.

With the end goal to meet these destinations, the chiefs will make the accompanying strides:

Stage 1

Distinguish dangers to these destinations not being satisfied, for instance, regarding announcing budgetary position, the chiefs may recognize that a danger of not having the capacity to report effectively is PC disappointment and subsequent demolition of the money related records.

Stage 2

Actualize interior controls to relieve this hazard. The controls to relieve the above hazard could be numerous and differed, for instance, guaranteeing that all clients have passwords to confine unapproved access to the PC and along these lines its danger being tainted, or, at the opposite end of the scale, nitty gritty back up and crisis systems, including a recreation plan, to kick without hesitation in case of PC disappointment.

4.4 Reasons for Internal Controls

The purposes behind inward controls can be found in the precedent. They include:

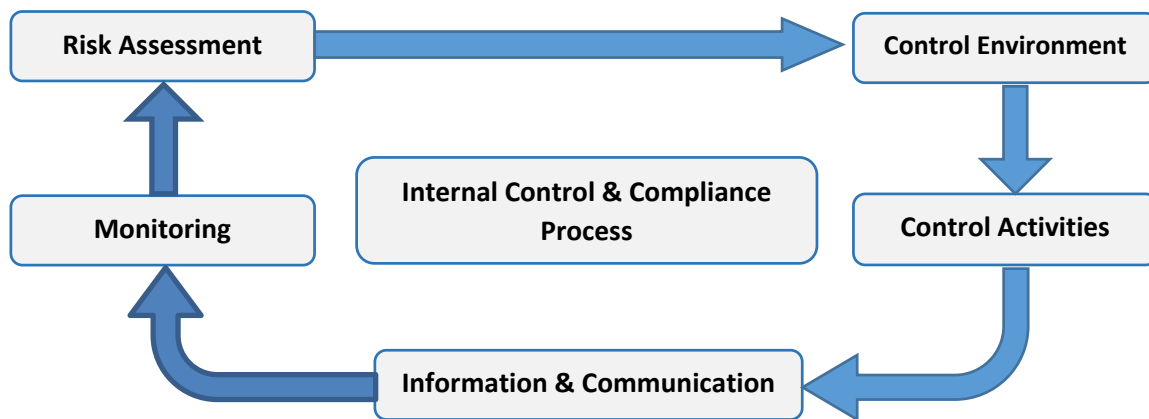
- Minimizing the organization's business dangers.
- Ensuring the proceeding powerful working of the organization.
- Ensuring the organization agrees to pertinent laws and directions.

The greater part of these reasons channel back to a definitive target that the organization keeps on working. For instance, if the organization neglected to agree to applicable laws and controls, it may be compelled to stop activities.

4.5 What is the COSO Framework for inner controls?

A control structure is an association's individual usage of its own feeling of inward control, regularly guided by the general standards and methods spread out by the COSO Framework.

The COSO system for inner controls was initially distributed in the 1992 COSO Report, however has since been refreshed. As indicated by the 2013 variant of the COSO report, inward controls are characterized by 17 core values separated into five components:



1. Control Environment-

Sets the tone for the association, affecting the control cognizance of its kin. It is the establishment for every single other part of interior control. It incorporates:

- Commitment to trustworthiness and morals
- Oversight duty
- Establishing structure, expert and duty
- Commitment to skill
- Enforcement of responsibility

2. Risk Assessment-

The distinguishing proof and investigation of important dangers to the accomplishment of goals, framing a reason for how the dangers ought to be overseen. It incorporates:

- Specification of goals

- Risk ID and examination
- Fraud chance appraisal
- Identification and examination of huge change

3. Control Activities-

The approaches and techniques that assistance guarantee the board orders are completed. This includes:

- Selection and advancement of hazard relief exercises
- Selection and improvement of general innovation controls
- Deployment of controls-based arrangements and strategies

4. Information and Communication-

Frameworks or procedures that help the recognizable proof, catch, and trade of data in a shape and time allotment that empowers individuals to do their obligations. This incorporates:

- Use of pertinent, essential data
- Internal correspondences
- External correspondences

5. Monitoring-

Forms used to survey the nature of interior control execution after some time. This includes:

- Ongoing or separate assessments of procedures
- Evaluation and correspondence of realized lacks in program

Every one of the five segments of inner control, may effect on the review procedure in an unexpected way. An inner control may fall into a specific class. Every specific inside control may likewise keep a mistake happening (protection control), or may recognize that a blunder has happened and right it (criminologist control).

A few controls might be applicable to review while others are definitely not. The degree of dependence on interior controls in an affirmation commitment will rely upon the idea of the commitment and the confirmation supplier's desire for the viability of controls. In a few

commitment, not very many controls will be depended on and the affirmation supplier will do more trial of detail.

4.6 The Internal Control and Compliance Environment

The interior control and consistence condition is the system under which inward controls and consistence are created, executed and checked. It comprises of the components and game plans that ensure inward and outside dangers to which the organization is uncovered are distinguished; suitable and successful inside controls are created and executed to soundly and judiciously deal with these dangers; solid and far reaching frameworks are to be set up to appropriately monitor the viability of these controls. Each organization needs set up a fitting and compelling interior control and consistence condition to guarantee that the organization is overseen and controlled in a sound and reasonable way. The variables which together contain the control condition are:

1. A directorate that is effectively worried about sound corporate administration and that comprehends and perseveringly releases its obligations by guaranteeing that the organization is properly and viably overseen and controlled.
2. A board that effectively oversees and works the organization in a sound and judicious way.
3. Organizational and procedural controls bolstered by a viable management information framework to soundly and wisely deal with the organization's presentation to chance; and
4. A free review instrument to screen the viability of the authoritative and procedural controls.

Audit Committee

The review advisory group can be characterized as a subsection of the top managerial staff which has a specific enthusiasm for the back and bookkeeping exercises of the company. The review committee is an essential part of the control and consistence condition of the organization.

The review advisory group is involved non-official executives. It is a necessity in Bangladesh recorded organizations under the tenets of the Combined Code. The Code requires the panel to have composed terms of reference which are probably going to incorporate the accompanying:

- To audit the trustworthiness of the budget summaries of the organization and formal declarations identifying with the organization's execution.

- To audit the organization's inside monetary controls and the organization's hazard the executive's frameworks (except if there is a different hazard the executive's advisory group).
- To screen and survey the viability of the organization's inner review work (if pertinent).
- To make proposals to the board in connection to the outer examiner.
- To screen the freedom of the outside reviewer.
- To execute arrangement on the arrangement of non-review benefits by the outer inspector.

The key issue for the review board is simply the fiscal summaries, so the review advisory group itself can be viewed as a control in connection to the data framework and the manner by which the organization creates its budget reports. The advisory group likewise has obligations as to directing the recognizable proof of dangers and checking controls.

4.7 Objectives of Internal Control and Compliance

The essential target of inward control arrangement of an association is to enable the organization to perform better using its assets. Through inside control and consistence framework an organization recognizes its shortcomings and takes proper measures to defeat the equivalent. The fundamental targets of interior control are as per the following:

- Efficiency and adequacy of exercises (execution destinations).
- Reliability, culmination and courses of events of budgetary and the executives (data destinations).
- Compliance with relevant laws and controls (consistence goals).

The Institute of Internal Auditors (IIA) Standards characterize control as any move made by the board, the board, and different gatherings to oversee hazard and improve the probability that built up destinations and objectives will be accomplished. The board designs, composes, and guides the execution of adequate activities to give sensible confirmation that destinations and objectives will be accomplished.

The essential targets of inward control and consistence are to guarantee the accompanying:

- a) Reliability and respectability of budgetary and operational data;
- b) Effectiveness and proficiency of tasks and projects;

- c) Safeguarding of advantages; and
- d) Compliance with laws, controls, approaches, methods, and contracts.

4.8 The Nature of Internal Control and Compliance

- Control is influenced by individuals at all dimensions of the association;
- Managers who are responsible for their activities should likewise have control of those tasks;
- Control must be sufficiently adaptable to adjust to evolving conditions, both inside and Remotely (as dangers change, controls should likewise change);
- Organizations must adjust self-governance, joining, consistency, and change to impact controls; and
- Controls can never give outright affirmation, just sensible confirmation as controls must be practical and have inalienable constraints, (for example, flawed basic leadership, human blunders, the board abrogating controls, and agreement).

4.9 Control Activity

Control Activities: The approaches and strategies that assistance guarantee that administration orders are done.

Control exercises are the most substantial interior controls that the examiner will focus on to a huge degree. The evaluator will be worried about understanding whether a control keeps a mistake or recognizes and redresses a blunder. Control exercises might be manual or, on the off chance that important, where forms are modernized, they may likewise have explicit IT control exercises. Models incorporate those identifying with approval, execution surveys, data handling, physical controls, isolation of obligations.

Different Types of Control Activities

Type of control activity	Examples	Explanation
Authorization	Approval and control of documents	Transactions should be approved by an appropriate person. For example,

		overtime should be approved by departmental managers.
Type of control activity	Examples	Explanation
Performance review	Reconciliations	Reconciliations involve comparison of a specific balance in the accounting records with what another source says the balance should be. Differences between the two figures should only be reconciling items. For example, a bank reconciliation.
	Comparing internal data with external sources of information	For example, comparing records of goods dispatched to customers with customers' acknowledgement of goods that have been received.
	Maintaining and reviewing control accounts and trial balances	Control accounts bring together transactions in individual ledgers. Trial balances bring together all transactions for the organization as a whole. Preparing these can highlight unusual transactions or accounts.
Information processing	Checking the arithmetical accuracy of records	For example, checking to see if individual invoices have been added up correctly.
Physical control	Comparing the results of cash, security and inventory counts with accounting records	For example, a physical count of petty cash. The balance shown in the cash book should be the same amount as is in the petty cash box.
	Limiting physical access to assets and records	Only authorized personnel should have access to certain assets (particularly

		valuable or portable ones). For example, ensuring that the inventories store is only open when the store personnel are there and is otherwise locked. This can be a particular problem in computerized systems.
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Segregation Of Duties

Segregation implies a number of people being involved in the accounting process. This makes it more difficult for fraudulent transactions to be processed (since a number of people would have to collude in the fraud), and it is also more difficult for accidental errors to be processed (since the more people are involved, the more checking there can be). Segregation should take place in various ways:

- Segregation of function. The key functions that should be segregated are the carrying out of a transaction, recording that transaction in the accounting records and maintaining custody of assets that arise from the transaction.
- The various steps in carrying out the transaction should also be segregated.
- The carrying out of various accounting operations should be segregated. **For example**, the same staff should not record transactions and carry out the related reconciliations at the period-end

4.10 Limitations of Internal Controls

Interior controls have a few constraints. At the end of the day, the hazard to the matter of working can't be dispensed with altogether.

Expense: A key constraint of controls is that they are costly, and in this way may not be worth establishing, as the ceaseless utilization of the control is more costly than the expense of the hazard emerging. This involves judgment for the chiefs and frequently decides the structure and dimension of controls that are established in a business.

Human component:

Another imperative confinement of controls is the human component. Most controls can just capacity and in addition the general population that are actualizing them. Controls are not really idiot proof. In the event that a person commits an error executing a control, that control may be incapable. Another issue for organizations related with the human component of controls is that of the aim of the general population utilizing them. Controls, for example, keeping your PC secret key mystery, depend on the respectability of the general population being requested to actualize them. In the event that individuals don't comprehend the significance or pertinence of the control they might be less disposed to hold fast to it. At the more evil end of this scale for organizations is where staff individuals need to supersede or maintain a strategic distance from controls with the end goal to swindle the organization. Controls might be avoided viably and subtly by at least two individuals cooperating that is, conniving in misrepresentation.

Unusual exchanges:

Finally, a confinement of inward controls is that they are commonly intended to manage what regularly or routinely occurs in a business. In any case, the reality of the situation may prove that an irregular exchange may happen which does not fit into the ordinary schedules, in which case standard controls may not be pertinent to the strange exchange, and consequently oversights might be made in connection to that uncommon exchange.

Little organizations may have specific issues in executing viable interior control frameworks. This is to a great extent a direct result of the human component examined previously. Little organizations by and large have less workers than bigger organizations, implying that there are less individuals to include in the inner control framework.

Including a substantial number of individuals in inner control frameworks restrains the danger of the human component in inward control frameworks in such a case that many individuals are included, there is a more noteworthy shot that individuals' blunders or, more terrible, fakes, will be revealed by the following individual in the control chain. The control of utilizing various individuals in a solitary agenda is called isolation of obligations. In a little organization, if its staff limit isn't such to guarantee that bunches of individuals are engaged with the interior control framework, at that point the control framework will be weaker.

4.11 Difference between Internal Control and Internal Audit

Inward control is a framework that includes control condition and methodology, which help the association in accomplishing business targets. Then again, inside review is a movement performed by experts to guarantee that inner control frameworks executed in the association are compelling.

In business, control has an extraordinary task to carry out in guaranteeing most ideal utilization of assets and heighten benefits. A large portion of the business exercises are performed by PCs, people and other hardware, which requires occasional examination, to ensure that misfortunes and squanders don't happen.

Inward control and inner review help business firms to watch out for the normal exercises. These are regularly utilized conversely, however they hold diverse implications.

Key Differences between Internal Control and Internal Audit

The distinction between inside control and inward review can be drawn obviously on the accompanying grounds:

- 1) The techniques and systems executed by the administration to control the activities, in order to help the association in accomplishing the coveted finishes, is called as an inward control. The inspecting program embraced by the firm, to survey its monetary and working exercises by the master, is called inward review.
- 2) While inside control is a framework structured, executed and kept up in an association. Inward Audit is a review work structured by those accused of administration, to keep a beaware of the exercises of the firm.
- 3) In inner control, work of one individual is confirmed by another, though on account of an inside review, each and every part of work is checked.
- 4) In the inner control framework, checking is performed at the same time, while completing work. Despite what might be expected, in inside review framework work is checked after it is performed.
- 5) The essential goal of the interior control framework is to guarantee consistence with the board strategies. Conversely, inner review goes for identification of misrepresentation.

All things considered, both inner control and inward review are vital for each association, to evaluate the general working. The extent of interior control is more extensive than that of inward review, as the previous incorporates the last mentioned.

A few gauges on Internal Control is given by Bangladesh Bank. Interior control arrangements put forward a few guidelines that offices must build up and join in an inside control structure:

Chapter – Five

Standards of Internal Control

5.1 Cover all exercises

All money related establishments ought to create interior controls which have inclusion over the entirety of their capacities, when all is said in done, and the key hazard zones (KRA) specifically. Key Risk Areas incorporate those center exercises, the breakdown of which may render a monetary organizations unfit to meet its commitments; to its clients, controllers and the supporters. Further, the hazard starting from such exercises is of the sort that it might cause in fundamental disappointment of other monetary establishments. Instances of key hazard regions are Liquidity Risk, Interest Rate Risk, Foreign Exchange Risk, Credit Risk, Operational Risk, and so on.

5.1.1 Regular Feature

Control exercises ought to be a fundamental piece of the day by day exercises of a monetary organizations/DFI in such a way, to the point that it ends up imbued in their continuous procedures as opposed to a yearend "fire penetrate" to fulfill documentation demands from reviewers and bosses.

5.1.2 Separation of Duties

Ought to be partitioned so nobody individual has finish power over a key capacity or movement.

5.1.3 Authorization and Approval

All exchanges ought to be approved before account and execution.

5.1.4 Custodial and Security Arrangements

Responsibility for authority of advantages should be isolated from the related record keeping.

5.1.5 Review and Reconciliation

Records ought to be inspected and accommodated to routinely confirm that exchanges are appropriately handled, endorsed and booked.

5.1.6 Physical Controls

Equipment, inventories, money and different resources ought to be anchored physically, tallied occasionally and contrasted and sums appeared on control records.

5.1.7 Training and Supervision

Qualified, very much prepared and directed representatives dependably help guarantee that control forms work appropriately.

5.1.8 Documentation

Documented approaches and strategies advance worker comprehension of obligations and help guarantee progression amid representative unlucky deficiencies or turnover. In this manner, approaches and methodology (as activities manuals and work area directions) should exist in every money related foundation/DFIs.

5.1.9 Communication of significance of Internal Controls

Setting guidelines of expert honesty and hardworking attitudes and guaranteeing that all dimensions of staff in their association know the significance of inner controls and comprehend their job in the inside controls process and be completely occupied with the procedure.

5.1.10 Cost/Benefit

It is for the monetary establishments to evaluate the expenses related with control forms proportionate with the normal advantages.

5.2 Elements of Internal Controls

A viable inward control framework comprises of following interrelated segments:

5.2.1 Management oversight and Control condition

It is organization's control condition which exemplifies the standards of solid inward control. Other than offering structure to the inward control framework, it gives order and convention. The achievement of control condition is made a decision as indicated by the trustworthiness, morals, and ability of staff; the hierarchical structure of the foundation; oversight by the directorate and senior administration.

5.2.2 Risk appraisal and the board

From an inward control point of view, hazard appraisal includes recognizable proof and assessment of variables, both inner and outside, that could antagonistically influence execution, data and consistence targets of an establishments.

5.2.3 Control exercises and isolation of obligations

Control exercises include:

- Establishment of control strategies and techniques
- Verification that the control strategies and techniques are being agreed to
- Initiating a proper controls structure guarantees the adequacy of an inward control framework. This procedure includes:
- Existence and consistence of arrangements and systems guaranteeing that choices are made with proper endorsements and approvals.
 - o Timely compromise of records so remarkable things, both on-and off balance sheet, are settled and cleared
 - o Building of such revealing lines inside a business or practical zone that autonomy of the control work is guaranteed
 - o Accountability instrument for the moves made by the faculty according to their obligations and experts
 - o Structure and working of consistence system through which the load up and senior administration sets up that consistence with material laws and directions is guaranteed.

5.2.4 Accounting, data and correspondence

A foundation's bookkeeping, data, and correspondence frameworks guarantee that chance taking exercises are inside approach rules and that the frameworks are sufficiently tried and checked on. The data ought to be dependable, convenient open and gave in a steady organization which incorporate money related, operational and consistence information. Above all the channels of correspondence must guarantee that all s completely comprehend and hold fast to strategies and systems affecting their obligations and duties.

5.2.5 Self-appraisal and observing

A vital segment of inside control framework is self-evaluation and checking which incorporates:

- Board and senior administration oversight of the inward control, control surveys, and review discoveries
- Frequent and far reaching revealing of deviations to the board or board panel and senior administration
- Adequate documentation of the executives reactions to review or other control audit discoveries

- Board or board committee or senior management review of the qualifications and independence of the personnel evaluating controls

5.3 Control Principle

It is referenced over the components of a sound inner control. Presently the inquiry is the manner by which to evaluate the inward controls of a specific association. The accompanying standards identified with the fundamental components of control ought to be borne as a main priority while surveying inner control:

5.3.1 Principle 1

The top managerial staff ought to have duty regarding endorsing and intermittently exploring the general business techniques and huge approaches of the money related establishments; understanding the significant dangers kept running by the monetary foundations, setting worthy dimensions for these dangers and guarantees that senior administration makes the strides important to distinguish, measure, screen and control these dangers; favoring the authoritative structure; and guaranteeing that senior administration is observing the viability of the interior control framework.

5.3.2 Principle 2

Senior administration ought to have duty regarding actualizing techniques and approaches endorsed by the board; creating forms that distinguish, measure, screen and control dangers brought about by the budgetary foundations; keeping up a hierarchical structure that obviously allots obligation, specialist and detailing connections; guaranteeing that appointed duties are successfully done; setting suitable inner control arrangements; and observing the ampleness and viability of the inward control framework.

5.3.3 Principle 3

The top managerial staff and senior administration are in charge of advancing high moral and trustworthiness gauges and for building up a culture inside the association that accentuates and shows to all dimensions of work force the significance of interior controls. All faculty at a monetary establishment association need to comprehend their job in the interior controls process and be completely occupied with the procedure.

Chapter- Six

Internal Control and Compliance(IC&C) of Abdul Monem Limited

6.1 Internal Control and Compliance (IC&C) of Abdul Monem Limited

The Internal control and consistence division is comprising of 9 individuals' group. The head of IC&C is in charge of consistence and control related errands which incorporate consistence with laws and directions, review and investigation, observing exercises and hazard appraisal.

6.1.1 Internal Control Procedures and Control Activities

Control methods and control exercises mean those arrangements and strategies notwithstanding the control condition, which are built up by the administration to accomplish the explicit destinations, objective, mission and vision of Abdul Monem Ltd.

- Representative Manager Deputy Manager
- AGM of Internal Control and Compliance
- Senior Executive
- Perception and Exploration
- Official
- Right hand Manager
- Official Executive

6.1.1.1 Control Procedures

It covers two expansive territories referenced before in this report i.e. Bookkeeping Control and Administrative Control.

Accounting Control It includes principally the arrangement of association and the systems and records that are worried about the shielding of advantages, counteractive action and discovery of extortion and blunder, precision and fulfillment of bookkeeping records and opportune readiness of solid money related data.

Administrative Control It incorporates all other administrative controls worried about the basic leadership process.

6.1.1.2 Control Activities

A proper control structure is set up with control exercises characterized at each business level, i.e. top dimension survey; proper movement controls for various divisions; physical controls; checks for consistence with presentation confines and follow-up on rebelliousness; a framework for

endorsements and approvals and arrangement of confirmation and compromise. Senior administration guarantees that satisfactory control exercises are a vital piece of the day by day elements of all pertinent work force; this empowers brisk reaction to changing conditions and maintains a strategic distance from pointless expenses.

Control exercises are included into following two stages:

- The foundation of control strategies and methodology
- Verification that the control arrangements and techniques are being consented to.

6.2 Internal Auditing in Abdul Monem Limited

Inward review is a dynamic calling associated with helping associations accomplish their targets. It is worried about assessing and enhancing the viability of hazard the executives, control and administration forms in an organization.

6.2.1 Internal Audit Planning

It's a procedure of inside created plan or program for the general tasks of the Abdul Monem Ltd for the aggregate bookkeeping year that how the inward review will on move for forthcoming days in the year.

Review arranging is a crucial region of any review that is fundamentally directed toward the start of review procedure to guarantee that fitting consideration is dedicated to imperative regions, potential issues are quickly recognized in the office, work is finished speedily and work is legitimately organized in Abdul Monem Ltd. As review arranging implies building up a general System and a natty gritty methodology for the normal nature, timing and degree of the review, so reviewer intends to play out the review in an effective and opportune way.

6.2.2 Internal Audit Execution

Among different properties of inner reviewing execution the followings are utilized as execution in the bureau of Internal Control and Compliance in AML:

- Determine an ideal working structure
- Conduct constant hazard appraisals
- Execute an engaged, powerful review plan
- Check every day hierarchical activities in all sort and assess triumphs

6.2.3 Internal Audit Reporting

Inward review reports are arranged and kept up in an opportune way by the regarded authorities and staff in the division of IC&C of AML. It is intended to help AML accomplish viable and effective administration, hazard and control forms related with tasks goals, budgetary and the executives announcing destinations and legitimate/administrative consistence targets. These reports additionally assist this association with taking total advances and activities for the current inadequacies and abnormalities. It's an essential piece of the general errands of interior control frameworks and it has potential on accomplishing hierarchical objectives.

6.3 Checking Materials amid temporary position

Amid checking the above materials in the bureau of interior control and consistence of AML, some fundamental things must be watched like a "guard dog" by me as an assistant of this division which are some of vital parts of inner reviewing among numerous properties. Coming up next are some clicking purposes of my checking materials:

1. Manufacturing plant Indent/Requisition
2. Additional time and Casual Bill Sheet
3. Work Bill in Factory
4. Bill and Voucher
5. MRR with Registrar in Store Department

Whether there is any unapproved uses or costs without endorsement both for income and capital uses Right amount and right cost is offered or not Overtime and Casual Bill Sheet

1. Whether there is endorsement of addition of pay from Human Resource (HR) division or any individual body for the benefit of HR
2. Right time is kept up or not for conveying the merchandise by providers to the organization
3. The cost sum is affirmed by concerned expert or not
4. Whether amount crisscross with challan or bill or potentially with material got report (MRR) duplicate
5. Whether bought item is according to buy request or demand of suitable and synchronized item detail

6. Whether VAT sum is determined appropriately because of the absence of legitimate learning in regards to VAT act and the % of retention of VAT sum legitimately.
7. Comparative articulations of various value records (no less than 3 organizations) in regards to buy of any benefits for AML
8. Make an arrangement of value list which covers the least estimated and higher quality item from the near proclamation of different value records
9. The installment nature whether it is for advancement or for generation benefit
10. Whether subsidize demand is given on a pre-composed configuration for normal costs
11. All supporting archives are joined appropriately or not with the voucher like (Cash reminder, Challan, Bill, Material Received Report (MRR) for material buy, Work request or Purchase Requisition, Material Received Entry (MRE) duplicate, Quality Report, etc.)
12. Whether the undertaking of spending Preparation is kept up legitimately.

6.4 Purchase Procedures

Acquiring is the formal procedure of purchasing products and enterprises. The acquiring procedure can change starting with one association then onto the next, yet the regular key strategies and components pursued by AML for nearby buy like:

The procedure for the most part begins with an interest or prerequisites or issuing an indent duplicate from client office in any area (Factory, corporate head office, etc) of the organization. This

Could be for a physical part (stock) or an administration. An order is created, which subtleties the necessities (sometimes giving a prerequisites detail) which activities the obtainment office. An ask for proposition (RFP) or demand for citation (RFQ) is then raised to head of production network. Work orders are readied 3 or 4 duplicates for the accompanying gatherings:

1. Office Copy
2. Auditor Copy
3. Supplier Copy
4. Store in-control Copy (Without the rate of item)

At that point an acquirement board of trustees is set up by the executives of the organization for market check and work arrange is sent to provider. Providers send their citations in light of the

RFQ, and an audit is embraced where the best offer (ordinarily dependent on value, accessibility and quality) is given the buy arrange. A receipt is sent by the provider which is crosschecked with the buy request and reports determining which products have been gotten. The installment is then made and exchanged to the provider.

In the wake of acquiring the item store officer got the item and issue Material Receiving Report (MRE). At that point item goes to Quality Control (QC) division and issued QC report. Store in-control issue Material Received Report (MRR) and its goes for planning of receipt by Finance and Accounts office for conclusive installment.

1. Indent/Purchase Requisition (User dept.)
2. Work Order 3/4 duplicates (Supply Chain dept.)
3. Obtainment Committee (By Mgt.)
4. Indent/Purchase Requisition (User dept.)
5. Provider for Purchase
6. Store Officer (MRE)
7. QC dept. (QC report)
8. Store in charge (MRR)
9. Planning of Invoice
10. Back and Accounts dept. (For Final installment)

6.5 Survey Analysis

I arranged a poll for making a review to get some data about the generally speaking authoritative strategies, standards and direction among the authorities in Internal Control and Compliance division of AML amid my entry level position period. The quantity of respondent of the poll was so poor. Anyway a few issues were motivated need in this review to make my examination productive. Full and finish poll is given in appendix an in this report.

The reactions of the inquiries and its likely effects are clarified here:

- There are no composed tenets, rules, arrangements or potentially systems for exchanges that is called operational rules in all offices. Approaches and Procedures are the vital connection between the Company vision, and its everyday tasks. Composed duplicates of

these reports may assist the staff with knowing about and to apply those appropriately in the authoritative way.

- Month end money related reports are assessed and confirmed by the separate authorities for legitimate exactness. What's more, these month to month reports are accommodated by the individual from the board to departmental supporting records on a month to month premise. This arrangement is recently presented for the organization.
- There is isolated and free divisions for acquiring, getting, assembling, moving and back and accounts. The leader of every division is in charge of productive execution inside the separate period of big business. If not all that control framework may be inspired frail to perform appropriately. Since it is one of the adage of a sound inside control framework. Be that as it may, the quantity of part in every division should increment as AML is a gathering of organizations and its operational region is tremendous. And furthermore organization divisions must be connected appropriately to play out their jobs viably.
- Some office has composed methods for money taking care of and related controls. Be that as it may, not exist for all office which is especially imperative. With no composed approach for money exchange may hamper sound control framework in the association.
- No division have the composed techniques with respect to the inception, endorsement and audit of consumption. In any case, without the strategies and techniques in regards to this issues the general expense of the organization may expand step by step.
- Auditor's survey the generation reports all the more broadly when backhanded work or extra minutes cost seem over the top. Now and again it occurs in the industrial facility that specialists make inconceivably higher extra time regardless of human confinements. Some of the time it get flawed.
- All division keep up adequate documentation to help different consumptions. Be that as it may, now and again strong reports are not given appropriately to checking. Plausible reasons may be absence of information or genuineness. Be that as it may, in the event that anything get question about deliberately, must concentrate on this.
- Invoices for each exchange must be submitted to obtainment installment on an opportune way. However, the individual divisions not pursued this procedure so much entirely. Now and then it occurs and at times not.

- Every business association faces crisis cases whether positive or negative effect it has. AML additionally confront the crisis issues/issues and there exist alternate course of action that would manage the divisions on the best way to proceed with the tasks on those crisis cases.
- Generally buy method go on move with the endorsement of individual expert of the association. In any case, there are a few situations when buy of any material or any kind of consumptions occurred without the authorization of the definitive mark of the organization. A sound inner control framework must concentrate on it.
- There is no arrangement of spending plan for a uses occurred in any division and processing plant in this association. In any case, one of the critical part of any cost for an assembling organization like AML is the planning of spending plan and endorsement of that financial plan by the legitimate bodies. Since spending plan is the capacity to confine how much cash is spent on specific activities.
- There is no legitimate composed approaches on blessings, stimulation and tips in all offices. It is trailed by the organization not all that emphatically way.
- The extent of inward control companywide and holds onto shifted exercises as preparing programs, factual investigations, quality control and creation booking other than bookkeeping money related capacities.

There are a few inquiries in my survey those are not gone to by the reaction may be for the matter of privacy of the association. The quantity of inquiries are 7, 12, 20, 26, 27, 28, 29 and 30.

6.6.1 Strength of IC&C of AML

There is discrete and autonomous divisions for buying, accepting, assembling, moving and back and accounts. The leader of every office is in charge of proficient execution inside the individual period of big business. If not all that control framework may be inspired frail to perform legitimately. Since it is one of the saying of a sound interior control framework. However, the quantity of part in every office should increment as AML is a gathering of organizations and its operational territory is immense. And furthermore organization divisions must be connected appropriately to play out their jobs adequately. Again month end monetary reports are investigated and confirmed by the particular authorities for legitimate precision. Also, these month to month reports are accommodated by the individual from the board to departmental supporting archives

on a month to month premise. This approach is recently presented for the organization. Examiners audit the generation reports all the more widely when backhanded work or extra minutes cost seem exorbitant. Once in a while it occurs in the manufacturing plant that specialists make incredibly higher extra minutes regardless of human constraints. Now and again it get faulty. All office keep up adequate documentation to help different consumptions. Be that as it may, here and there steady archives are not given appropriately to checking. Likely reasons may be absence of learning or genuineness. However, on the off chance that anything get question about purposefully, must concentrate on this.

Chapter- Seven

Findings, Recommendations and Conclusion

Findings:

- There is no benchmarks or direction for Internal Control Structure of the organization.
- There is much lower number of work force in the Internal Control and Compliance division concerning the size and useful territory of the organization.
- There is no settled inspecting framework or everyday check by evaluator or any approved individual to concentrate on it in the plant site.
- There is some increment of salary without approval from Human Resource (HR) department or any respective body on behalf of HR.
- Some quantity mismatch with challan or bill and/or with material received report (MRR) copy.
- Sometimes purchased product is not as per purchase order or requisition of appropriate and not as synchronized product specification.
- Sometimes comparative statements of different price lists (at least 3 companies) regarding purchase of any assets for AML are not provided.
- All supporting documents are not often attached properly like (Cash memo, Challan, Bill, Material Received Report (MRR) for material purchase, Work order or Purchase Requisition, Material Received Entry (MRE) copy, Quality Report and so on).
- Sometimes VAT amount is not calculated properly, it might be due to the lack of proper knowledge regarding VAT act and the % of withholding of VAT amount properly.
- Sometimes costly expenditures occurred before any fund requisition from the authority.

Recommendations:

- Express the importance of doing honest business to your employees by setting an example as an owner on how you run an ethical business
- Understanding the basic financial reporting standards will help you approve the accuracy of the financial statements to be compliant with accounting standard
- Continuous involvement as a business owner will assist you to build client relationships which will increase your revenues.
- Having checks and balances in place and providing training specific to duties and responsibilities of your employees are important to reduce fraud opportunities.

- Inspecting the efficiency of your manufacturing process will improve the quality of your product and will increase your cash flow

Conclusion:

Abdul Monem Limited is one of the biggest development and assembling based gathering of organizations according to measure and operational territory among the best ten gathering of organizations in Bangladesh. It has very nearly seven to eight business areas which are worked exclusively in the present commercial center of Bangladesh, particularly for Igloo Ice cream, Coca Cola and for building division. AML plans to be the first in assembling and development segment inside the following couple of years and how it is performing, it demonstrates that the day isn't so far when it will reach to its goal.

Amid the three months of temporary position, I have endeavored to investigate the Internal Control System and Internal Auditing of AML over income and capital uses. The Internal Control System of AML is actually solid and effective with respect to the uses. This Internal Control System of AML has a few strategies, techniques and rules that follow the Bangladesh Standards on Auditing (BSA) guidelines and direction. In the wake of breaking down the essential and auxiliary information I understand that the Internal Control System of AML, causes the association to deal with it everything divisions in an effective way.

The Internal Control System of AML guarantees the responsibility, unwavering quality, culmination, and convenience of monetary or money related data. It likewise guarantees that all staff in all areas follow material laws and controls. The Internal Control arrangement of AML will be extraordinary and the job of interior review will be available in compelling and productive extremely

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