



Daffodil
International
University

Internship Report
on
Cost Control and Budgetary Practices of Triple I knitwear
limited

Prepared by

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Submission Date:

Letter of Submission

Date:

Dr Nurul Mohammad Zayed

Associate Professor

Department of Business Administration

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Subject: Application for submitting the Internship Report.

Honorable Sir,

With due respect to inform you that I would like to submit my internship report entitled: **Cost Control and Budgetary Practices of Triple I knitwear limited** I am too much grateful to you for giving me the opportunity to prepare this report. I strongly believe that this practical knowledge about the Cost control and budgetary is a very useful asset in my life. I followed to put my best effort to prepare this report according to the rules and regulations of Daffodil International University.

I hope that you would be kind enough to consider any mistakes in preparing this Internship report.

Thanking You.

Sincerely Yours



Mahabub Marjan Tuhin Azad

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Department of Business Administration

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Certificate of Approval



I am pleased to certify that the Internship report on **Cost Control and Budgetary Practices of Triple I knitwear limited** conducted by **Mahabub Marjan Tuhin Azad** is bearing **ID No: 221-11-1481** of the Department of Business Administration has been approved for presentation and defense/viva-voce. Under my supervision, Tuhin Azad worked with the **Triple I knitwear limited** as preparing the Internship Report.

I am pleased to hereby certify that the data the findings presented in the report are the authentic work of Mahabub Mazjan Tuhin Azad. I strongly recommend the report presented by Tuhin Azad for further academic commendations and defiance/viva-voce.

Tuhin Azad bears a strong moral character and a very pleasing personality. It has indeed been a great pleasure working with him. I wish him all success in life.

A handwritten signature in red ink, appearing to be "Nurul Mohammad Zayed", is written over a dotted line.

.....
Dr. Nurul Mohammad Zayed
Associate Professor
Department of Business Administration
Daffodil International University

Student Disclaimer

I, do, hereby solemnly declare that the internship report on “**Cost Control and Budgetary Practices of Triple I knitwear limited**” has been prepared by me and has not been previously submitted to any other University / College / Organization for any academic qualification.

I, further undertake to indemnify the University against any loss or damage arising from a breach of the foregoing obligation.

Thanking You

Sincerely Yours,



.....
Mahabub Marjan Tuhin Azad

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Acknowledgment

I would also like to thank my report supervisor Dr. Nurul Mohammad Zayed, Associate Professor, Department of Business Administration who supported and guided me throughout my report preparation. And he is incredibly useful in the ways in which this very document was produced.

I am also grateful to Dr. Md. Azizur Rahman, Associate Professor & Head for her help, care and guidance throughout my internship. Their expertise and support has enriched my learning. I appreciate the board of directors of Triple I knitwear limited. that allowed me to really have an actual practice and learned so much. I especially thank my family, friends and friends of a friend who provided the helping hands through this report drafting. And finally, Glory be to Almighty Allah for Endowing me with the patience and strength necessary for presenting this report.



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Executive Summary

This report is concerned about the financial management system particularly to cost control and budget preparation process of Triple I Knitwear Limited. The paper is named Cost Control & Budgetary Practices of Triple I Knitwear Limited.

Triple I Knitwear Ltd One of the best readymade garments (RMG) sector company in Bangladesh, has been catering to the international garment market as well as meeting the local requirement. Throughout the internship I was able to witness the entire corporate and financial processes at SAMS...how costs are considered, tracked and controlled in a diversified environment across an entire company.

The research result will reveal the company's budgeting behaviour, allocation of resources, and spending control before finally implementing cost reduction in order to stay profitable in the marketplace. Reporting for this article was supplemented by direct observation, conversations with members of the finance department and company filings.

TABLE OF CONTENT

| SI No | Conte nt No | Content | Page No |
|-------|----------------|--|--------------|
| | - | Cover Page | i |
| | - | Letter of Submission | ii |
| | - | Certificate of Approval | iii |
| | - | Student Disclaimer | iv |
| | - | Acknowledgement | v |
| | - | Executive Summary | vi |
| | - | Chapter One: Introduction | 1-4 |
| | 1.1 | Background of the Report | 2 |
| | 1.2 | Rationale of the Report | 2 |
| | 1.3 | Significance of the Study | 3 |
| | 1.4 | Objective of the Report | 3 |
| | 1.5 | Methodology of the Report | 3 |
| | 1.6 | Limitation of the Report | 4 |
| | - | Chapter Two: Overview of Triple I knitwear limited | 5-10 |
| | 2.1 | About Triple I knitwear limited | 6 |
| | 2.2 | Vision – Mission | 7 |
| | 2.3 | Core Value | 7 |
| | 2.4 | Products and Services Offered by Triple I knitwear limited | 8 |
| | 2.5 | Organizational Structure and Management | 9-10 |
| | - | Chapter Three: Internship Role & Responsibilities | 13-15 |
| | 3.1 | Role & Responsibilities | 13 |
| | 3.2 | Rationale of those roles and responsibilities | 13-15 |
| | - | Chapter Four: Key Learning and Experience | 17-19 |
| | 4.1 | Key Learning | 17 |
| | 4.2 | Rationale of those roles and Responsibilities | 18 |
| | 4.3 | Connection with Academia | 19 |

| | | | |
|--|-----|---|--------------|
| | | Chapter Five: Critique and Reflection | 21-25 |
| | 5.1 | Critical Evaluation of the Internship Experiences | 21 |
| | 5.2 | Key Challenges Faced During the Internship | 22 |
| | 5.3 | Learning from Challenges | 22-23 |
| | 5.4 | Financial Overview | 2-24 |
| | 5.5 | Findings | 25 |
| | - | Chapter Six : Conclusion and Implications | 26-29 |
| | 6.1 | Conclusion | 27 |
| | 6.2 | Implications | 28 |
| | 6.3 | Recommendations | 29 |
| | 6.4 | Reference | 29 |

Chapter One

Introduction

1.1 Background of the Report

Work placement is an essential feature of the Bachelor of Business Administration (BBA) program. It provides students with actual working experience in various types of organizations. In meeting the course requirement in partial fulfillment of Bachelor of Business Administration (BBA) degree from Daffodil International University, I accomplished my internship at Triple I Knitwear Limited, a renowned garment manufacturing company in Bangladesh.

During the tenure I was placed in accounts and finance department, where I observed the budgeting process, cost tracking methods, and financial reporting system. The document entitled “Cost Control and Budgetary Practices of Triple I Knitwear Limited” has been prepared to discuss the way the organization controls its cost, makes budgeting for different purposes including budgetary control on its operations.

1.2 Rationale of the Report

This report is based on the internship program in BBA, department of business administration, Daffodil International University. The focus is on offering hands-on experience to the cost control and budgeting system of an actual production firm. The theoretical foundation in finance and management gives students a grounding, but it is the practical application of these theories that provides students with practitioner skills.

Triple I Knitwear Ltd, Triple I Knitwear Ltd, being a prominent garments factory from Bangladesh, it can offer great settings to studies of budgeting and cost control. This includes the company's use of the budgeting process to create budgets (operating and capital) and how it uses variance analysis to reinforce financial measures. Theory and practical have been put together to improve this study from knowledge of the association between budgeting and control in an efficient way toward profit and operational performance within a competitive environment.

1.3 Significance of the Study

This study is important as it adds to our knowledge about the role which cost accounting and budgeting could play in terms of operational efficiency and profitability of RMG. Organizational Setting This is the case of Triple I Knitwear Limited whose practices are simple enough to be explained to students, managers and researchers on how budgeting and costing management system works in real business scenario. It emphasizes the need to review costs, explain and correct variances in order to keep fiscal discipline. The results may provide guidelines for companies, aspiring to improve their budgeting processes and procedures of cost management.

1.4 Objectives of the Report

Main Objective:

The broad objective of this internship report is to describe the cost control and budgetary practices of Triple I Knitwear Limited.

Specific Objectives :-

1. To show the company's cost structure, particularly Cost of Goods Sold (COGS), administrative expenses, and inventory valuation, for the years ended June 30, 2023 and 2024.
2. To identify weaknesses in cost control mechanisms, including the absence of supporting documents and incomplete cost accumulation.
3. To explain the effectiveness of inventory management practices, including physical verification procedures and controls over closing inventory.

1.5 Methodology of the Report

The study is based on secondary data.

- **Secondary Data:** Company documentation, such as policy manuals, reports and (2023 & 2024) financial statements, Academic Literature And Budgeting & Cost Control. The report takes the form of a description and analysis to discuss the cost control and budget practices used within the company.

1.5 Limitation of the Study

The research encountered various constraints that impacted the thoroughness of evaluation. Restricted access to sensitive financial information limited a thorough analysis of specific cost elements. Moreover, the internship's limited duration restricted the extent of observation and engagement with all departments. Certain company practices and financial information were not entirely automated, complicating in-depth analysis. In addition, the results and conclusions of this research pertain specifically to Triple I Knitwear Limited and might not be entirely relevant or applicable to other firms within the readymade garments sector.

Chapter Two

Overview of Triple I knitwear limited

2.1 About Triple I knitwear limited

Triple I Knitwear Limited (triple I) is a major manufacturer of quality knitwear based in Bangladesh with garment manufacturing expertise for garment manufacturing markets around the world. Having established a vision to produce superior quality products, the company has been able to build a highly recognised brand identity. Their customer service policy demands quality work, timely deliveries and ultimately their customers approval. The firm is thus characterized for their professionalism and long-lasting relationships with their clients. By adhering to stringent production standards, Triple I Knitwear has consistently met the evolving demands of the apparel market.

Triple I Knitwear Ltd. has an excellent group of super qualified staff. These talented people are highly skilled at creating and developing garments from inception through production, which gives us a dynamic range to care for every single one of our customer's needs. Its slaves not to mention their constant enhancements and inventions have gave the company a great competitive edge.

Triple I Knitwear Limited since its inception has cemented itself as one of the big wigs in Bangladesh's garment industry, complementing its global standing as among the top exporters of ready-made garments to Middle East and Far East. Its promise to high-standards and adherence to international certifications has deepened its market share in overseas markets, the recognition of clients through our trust.

Ultimately, Delta feels if they do what they do best (technology and quality manufacturing), and continue to satisfy the needs of their customers, by doing whatever it takes to maintain the integrity of the business, toeing the line for all other countries which are importing into India as well as competing against high end lifestyle products produced domestically - in areas straddling over 5 miles.

2.2 Vision & Mission

Vision

Triple I Knitwear Limited aspires to be a renowned global manufacturer of knitwear, bringing its experience and dedication to quality, innovation, and sustainability. The company is advancing its position as a firm in the competitive clothing field by assuring consistent and top-tier craftsmanship across all its product lines in all of the markets the company serves.

Mission

Through experience, this satisfied team of Triple I Knitwear Limited are committed to make good “Ready Made Garments” with a shorter and more safe productive environment. So that we can offer a complete product line in knitwear and have low prices twice productivity. By never losing its hunger for refined cost management; technical innovation; and leadership development, the organization is creating what it values as its most rare and valuable resource of all. It accomplishes this, the group believes, by Health and wellness Leadership development Relationships Sustainability Equality Entrepreneurship Social and economic development Positive change.

2.3 Core Values

Triple I Knitwear Limited is founded on principles which underpin every aspect of the business. Fundamentally, the business centers around delivering superior quality items which are consistently manufactured to the highest of standards. The integrity is knitted within the process, and that makes certain nothing but transparency and honesty determines anyone's fate. The company has a culture that rewards creativity and development, always with an eye to improve through active use of the newest methods and streamlined work processes. Triple I Knitwear also is a company with corporate social responsibility and has the environment and society in mind when it comes to manufacturing. Driven by achieving excellence, the company constantly fosters development, its products and operations continue to change in line with the demands of the future. These are the values that underpin Triple I Knitwear and its ability to stand the test of time.

2.4 Products and Services Offered by Triple I knitwear limited

Triple I Knitwear Limited specializes in the production of a wide variety of knitted apparel, catering to domestic and international markets. The company's product range includes:

- **Tee Shirts, Polos, and Hoodies** Triple I Knitwear produces high-quality tee shirts, polo shirts, and hoodies designed to meet the latest fashion trends, while ensuring comfort and durability. Their line of promotional products is made available in a number of styles, colors, and sizes, to suit the many different tastes in promotional purposes of customers and companies worldwide.
- **Athletic Clothing and Leisurewear** The company also manufactures athletic clothing and leisurewear, including performance-oriented garments designed for active individuals. These products are made from materials that offer comfort, breathability, and flexibility. Therefore, they are the best product for activities such as sports, exercises, and leisure activities. Incorporating classic and contemporary influences into its designs, Triple I satisfies the wear needs of sports enthusiasts and everyday attire wearers.
- **Tailored Requests for Domestic and Overseas Customers:** Triple I knitwear Limited Provide various solution for Customer, they also service domestic, government and global level. Basically Triple Knitwear crafted clothing for repeated brand popular market, so many types of customer segment.
- **Packaging:** Triple I knitwear always focus on their quality they must maintain their qualityfull product for customer. They always Check every product. The production of Triple I Knitwear has always put its focus on quality.
- **Prompt Delivery:** To be able to reel one of the terrific responses in which Triple I Knitwear's services stand for is a dependable offer at moments when assignments are finally given up to clients. We also understand how important it is to meet deadlines which is why our company prides itself in its reliability to deliver products on time. Supported by strong logistic network system and rich industry experience, Triple I Knitwear ensures that all the orders it receives

are delivered on time to its customers. And in the process, Triple I Knitwear retains its clients' trust and builds lasting partnerships.

2.5 Structure and Management of the Organization

Managing Director

The Managing Director (MD) of an entity is responsible for the overall leadership and strategic direction of the organization. The MD is responsible for the company's long-term plans, business strategy and strategy – management, development and implementation. The Managing Director (MD) represents the company and conducts high-level negotiations with the various entities related to the organization, including clients, suppliers and stakeholders, which includes conducting mergers and acquisitions in a proactive and strategic approach.

Production Manager

The role of the production manager is critical in overseeing the production process, ensuring efficient scheduling, and maintaining quality standards in their project. The management aims at developing methods to keep up with the demand, but ensuring that the procedures run on the basis of the needs of the production line, without complications, in order to comply with standards as well as to meet deadlines. They will be responsible for continuously improving production processes, managing the workforce productivity and ensuring the final product meets the company's quality standards.

Finance and Accounts Manager

The Finance and Accounts Manager is responsible for overseeing all financial activities within the company. This includes budgeting, expense management, cash flow control and financial reporting. The manager verifies the accuracy of monetary documentation, upkeep, and compliance with national and international accounting standards, as well as assists in the assessment and application of monies to assist. The Finance and Accounts Manager also works closely with other departments to assess financial performance, analyze cost structures, and implement strategies for improving profitability.

HR and Administration Manager:

HR Head or Administrative Department handle the Employees part of a company and Administrative sector work in a paper works of a organization. HR and Administration also maintain the employee skills and motivated workforce. Resolve the all problem company and employee.

Marketing and Sales Team

The team's focus is on promoting the company's products, coordinating its export operations, and planning for sales initiatives. They can help to expand existing client relationships to encourage repeat business and expand the company's customer base. The key members of the marketing and sales team play a significant role in studying market trends and the way to improve the competitive position of the organization.

This hierarchical structure was designed to provide efficiency to each department across the organization and the structure had the effect of ensuring that each department could help achieve goals at an efficient level. By using clear delimitations of roles and responsibilities for its employees, Triple I Knitwear Limited can run its cost and budget practices effectively while also being highly responsive to changes in the marketplace.

Chapter Three

Internship Role & Responsibilities

3.1 Role & Responsibilities

1. Assisting in Daily Accounts and Financial Record-Keeping

- Regularly revising daily expenditure records and confirming accompanying paperwork.
- Documenting cash and bank operations in the internal accounting system.
- Assisting in ensuring the precision of the general ledger.

2. Supporting Cost Control Activities

- Gathering cost-related data from production, purchasing, and inventory departments.
- Revising expense documents for raw materials, utilities, and production overhead.
- Helping to analyze actual costs against standard/estimated costs.

3. Participating in Budget Preparation

- Helping collect information needed for the preparation of monthly and annual budgets.
- Assisting in the creation of initial budget drafts using information from departments.
- Documenting historical expenditure information to aid in budget predictions.

4. Variance Analysis Support

- Assisting in comparing the actual monthly expenses to the authorized budget.
- Detecting discrepancies and creating variance reports for management assessment.
- Helping to create explanatory notes for significant discrepancies

5. Documentation & Reporting

- Creating daily, weekly, and monthly financial overviews.
- Conducting accurate organization of invoices, vouchers, and requisitions.
- Helping to create internal expense reports for management discussions.

3.2 Rationale of those roles and responsibilities

The above roles and responsibilities were designed to help me understand the practical framework of cost control and budgeting in a manufacturing organization like Triple I Knitwear Limited. The rationale includes:

Strengthening Practical Knowledge

I applied my Theoretical Accounting, Cost & Budget concepts into action for this project. And instead of learning about, say, a cost-analysis something or other, or one form of financial documentation, I got up and did it. It was those practical insights that I could see have made up these principles, and it works in a company such as this. It helped me learn to bridge the gap between academia and reality, and how I viewed common financial issues.

Cost Accountancy of a Knitwear Industry

Those costs also needed to be understood in the context of how they were distributed and what that meant for pricing at the company level, profit-making from companies.” It has also made me remember how important it is to manage these things well in order to keep competitive pricing and actually make money in such a price sensitive market.

Enhancing Analytical Skills

I used to analysis (such a part of my job) in Profile The most fun thing in my profile : be doing the analysis on variance. And this is where I developed my ability to spot cost inefficiencies, as well as financial variances compared to budget. I was trained to compare real expenditures side by side with the estimate, and to discover for reasons unknown what place it is that costs so much, whether living in the same room where food is cooked with a single window out onto some black steep and narrow way in the heart of London, or whether using only furnished rooms. By investigating these deltas, I also got better at reasoning through why costs were moving and what to do about it.

Developing Reporting and Documentation Skills

Much of my work involved financial brief abstracts and arranged documents. The functions that I performed really sharpened my professional journalistic skills, which are important in

any finance job. That I had the ability to explain financial results in simple terms that is opening the curtain for management and other stakeholders. Moreover, it preserves concise and precise information about the financial data with reliability. Infrastructure: This emphasis on documentation is not only good for controlling managers, it's required for auditors and compliance purposes.

Improving Communication & Coordination

I also interacted with various departments of the company and learned more about the relationship between the financial side vs. operating side. I learned how the data flowed from division to division and how the finance side depends on good information that comes out of production or procurement in making decisions. A good lesson in the “goodness of fit” of private market valuations perhaps — anomalies are only ever going to mean even more headaches for later financial planning, and reporting. It also revealed to me how important a strong departmental culture is in order to build community, push data and solve problems.

Contribution to Organizational Efficiency

And I was the 'money man' - funding our team and maintaining cost efficiency and financial discipline in the business. By allowing them to gather, document and analyze this information, I am the enabler of the company's goal: To figure out where these places are that we can stop bleeding costs & utilize assets better than they are today. I found out in this position that it is highly Significant to have an excellent financial control for a company to profit, and lastly I achieved the pleasure of seeing transmute my efforts taking form through the operations of the corporation. By simplifying the way we do things, less numbers in are done wrong etc., and changing the reports... Its like I was there to assist the team through my working with them they have not turned negative business.

Chapter Four

Key Learning and Experience

4.1 Key Learning

Similarly during my attachment at Triple I Knitwear Limited, I got a chance to learn a very much profitable combine package of theory along with its practical experience that enriched me in term of my finance knowledge and cost control process in manufacturing set-up. The best advice I got was learning to focus on costs day to day. I observed that raw material usage, labour productivity, machine utilization and factory overheads were all watched like a hawk to ensure good performance and low cost. Working as part of the finance team, I was exposed to the way in which standard costing and variance analysis enables companies to push down on variances, eliminate waste and make better management decisions. I found that the tiny amount of more material or hours I worked would have a large bearing on the overall cost of production, diminishing my profit and blowing out any budget I attempted to set. I received a lot of experience in budgeting – from the development of annual budgets to revising monthly forecasts for production capacity, changes demand and market. I was trained in establishing and maintaining financial records such as vouchers, invoices, receipts, and internal financial summaries. This provided me with far better technical skills, primarily on MS Excel and accounting software that I would consistently utilized for data entry, analysis and reporting. I wasn't just technical my ability to speak into departments was good in production, purchase store & HR. This experience was a valuable learning experience for me where I learned how to judiciously use my time, work under pressure and enhance my communication skill as well as overall work etiquettes. Overall, the internship prepared me both academically and personally for entering in the professional world.

4.2 Rationale and Role Rationale for the different actors and responsibilities

The obligations and responsibilities that I was entrusted with during the appointment were very well sequenced in order to attain an on-the-spot feel of financial management system in a manufacturing organization. It all had a very practical application in teaching me how I would ever use the things I was learning) from day-to-day in my business life. I understood how a company handle its prospective cost, process and grasp over numbers to finances and tactical making decisions as by learning the preparation of cost sheets, compiling budget information, analyzing expenditure controlling statement and maintaining financial records. Those were tasks that were considerably helpful in terms of having to learn about managing a budget and the nuts-and-bolts of cost-management (aspects applicable to anyone considering a finance, accounting or cost analysis career).I also assisted the finance dept to ensure that data is entered

accurately, documents are filed in a timely manner and calculations are completed on time. I learned to take an analytical and disciplined approach, which is key in the financial industry, through these activities.

After all, what I did was not to run errand, but it was also very educative experience in terms of my education and personality - I gained confidence, polished up and learned how to accept corporation's duties.

4.3 Connection with Academia

The courses related very closely to my internship, so it was a very meaningful and useful experience. Principles of Cost Accounting, including material costing and labor and overhead allotment as well as variances, served in full on the work with our production cost sheets and daily expense figures.

Also, subjects like Managerial Accounting and Financial Management enabled me to understand the budgeting process, financial decision-making analysis, break-even analysis and cost control mechanisms that I have had to handle being in Finance team. So I'm in the accounting course and boy that was a textbook lesson brought to life when I saw these videos of production managers changing their budgets based on materials costs or required production volumes.

Even my studies in Business Communication and Organizational Behavior proved to be very useful. "I learned how to work in a professional world, discipline myself, work with others and how office situations worked." That had made my university tasks already get me used to using Excel and analysis in working with financial data, writing out reports or reviewing cost information.

This internship in general has helped me bridge the gap from theoretical knowledge to practical use. It added some concrete to my learning, a link between reading what was in books and the reality of things, and it made me value more what I studied before. It did a great job of demonstrating how these things work in practice, in terms of financial decisions within a company.

Chapter Five

Critique and Reflection

5.1 Critical Reflection on Internships

My internship was difficult, but I learned a lot about the hands-on side of financial operations at a manufacturing plant. When I first joined the internships, I had an extremely strong knowledge base of the technical courses Such as Cost Accounting, Financial Management and Auditing but what I learned at Triple I Knitwear Limited is that sometimes when you come to applying those theories in practical business life we tend to be more complex than what those books state.

Although I have been occupied in average finance work -posting and recoding daily entries, collecting cost information for projects being conducted by the company, helping with preparing a budget of sort even performing some simple variances-, I've realized that several of these activities have not been easy to perform because there were internal control failures within the company. When I was working, there were many instances where the critical financial data was lost, fragmented or confused. For example support for large expenditure items was not always provided and some details of cash flows were imprecisely authorised whereas the records for inventories did not tally from one year to the next.

“We lived with these problems and it was very clear to us that if you don't have this customer data, making sense of your historical financials as well as being able to cost out or budget or do proper financial analytics in your business would not be possible.” This was my epiphany; as I had always considered financial control only in perhaps the same way many of our students do -yeah, yeah we have to understand that and all – not any more, now I get it's importance: internal control isn't some abstract matter at university it is, in fact; indeed, the beating heart of a company's financial credibility, honesty and survival for years to come. It's all meaningless if you have no documentation and control on the matters, even if it comes to the most advanced financial tricks.

So, in other words it was my internship not the regular job that served as a reality check. It has also taught me the necessity of accountability, self-management and proper bookkeeping in a financial setting. This exposure gave me a much more adult, and much less romantic, perspective on how companies work and what the finance people are actually grappling with day in and day out. It was a bit of a revelation to me at the time and cemented my belief in business ethics and reminded me how lucky I was to have that good financial education while I was at University.

5.2 Key Difficulties Encountered in Internship

The most significant constraints encountered were related to the systemic deficiencies revealed by the external auditors:

It's my job - I go through daily spend logs and cross ref to the w/backing. But with most of the transactions - and especially those for larger amounts or covering overhead costs -, no payable vouchers, invoices or supporting documents were obtained and, where they existed, these could be inadequate or disorderly. "I then found this next to impossible for me to make our general ledger correct."

My position and others on my team were comparing actuals vs. standard/estimate costs to budget when possible. In the circumstances when some very verifiable actual costs elements have not been verified as in the case of customs duty/C&F included in the purchases, even such computed 'actual cost' could not be trusted. This limitation rendered any management report of variance effectively meaningless.

Comprehension: In the process of budgeting, estimation was made by auditors using unrecorded values for unavailability of any figure on account of bank deposit and withdrawals (for Example estimate yet has been in one occasion calculated as Taka 15.4 million during 2023 as the estimated unaccounted withdrawal) reflected data history revealing their generation, i.e., spending and programming are inherently incomplete; so that generation should take some broken pieces together twice to think over budgetary projections.

5.3 Learning from Challenges

The challenges turned the internship into a significant educational journey, providing practical knowledge that greatly exceeded the classroom experience:

Internal Controls Rule: What is most important to control costs, I found it was the internal controls - particularly asset verification and paperwork. Without those, no fancy budgeting model is worth a darn. The lesson is that governance is founded on compliance.

Resilience in Data Deficiencies: I sharpened my skills to work with ambiguous and incomplete data settings, forcing me to use logic to trace through transactions and determine potential sources of error

-- a crucial ability when solving financial problems.

Grasping Auditor Views: Early observation of the management's financial health gave me insights into how audits are carried out, and, in particular, the criticality of providing sufficient and appropriate audit evidence to stave off a Disclaimer of Opinion.

Professional Communication: I learned how to communicate the very narrow scope of the data to finance and management in clear language, while highlighting what could be confirmed and what remained an extreme estimate.

5.4 Financial Overview:

| Particulars | Year Ended June 30, 2024 | Year Ended June 30, 2023 |
|--|-------------------------------------|-------------------------------------|
| Revenue | 100,648,149 | 31,949,023 |
| Cost of Goods Sold/Service | 88,570,371 | 28,428,246 |
| Administrative/Selling Expenses | | 2,592,118 |
| Closing Inventory | 74,415,670 | 2,633,994 |

(Information based on annual report Year 2023 & 2024)

5.5 Analysis of Deficiencies in Cost Control and Budgetary Practices

The reports of the auditors always emphasized large discrepancies in the verification of the company's expenses and operating costs there by pointing out a serious failure in basic cost control and information necessary for efficient budgetary functioning, M.Ahmed & CO., (2023).

Cost of Service/Cost of Goods Sold (COGS)

Unsupported Claims: The auditors did not have proper documentation to verify the reported costs in both 2023 and 2024 as management had not submitted supporting documents.

Cost Capture Incomplete: More specifically, auditors could not be certain if any other costs associated with purchases (e.g., customs duty, supplementary duty and C&F cost) were fully included in the purchase value. This indicates inadequate cost accumulation and improper COGS reporting, in contravention of the matching concept.

Inability to Verify Trade Payables: The total L/C outstanding and L/C Margin in either period could not be determined because the relevant supporting documents necessary to verify cost of goods by other means were non-maintainable.

Inventory Management

In both the 2023 and 2024 audits we also note that the auditors were appointed after year-end and were not requested by management to attend observations of physical inventory count.

No Alternative Verification: Accordingly, the auditors were unable to satisfy themselves as to how the inventory quantities and closing inventory balances (Taka 2,633,994 in 2023 and Taka 74,415,670 in 2024) had been arrived at. “Loss of Control over the Inventory / A lack of discipline in managing inventory is a huge exposure for obsolescent, theft or misstated. Effectively, the accuracy of the COGS will also be ruined here as well as rendering any budgeting for inventory worthless.”

Administrative Expenses

Failure to Substantiate: Regarding the expenses displayed (Taka 2,592,118 for 2023), they have not been able to substantiate the expenditure as no paper was handed over by the company even on demand. This implies that an administrative budget compliance and variance analysis are irrelevant.

Cash Flows and Bank Monitoring (2023 Audit Results)

The cash flow 2023 audit made grave reference to the divergences between recorded cash flows and bank activity that pointed to no cash or budgetary control:

Unaccounted Deposits: Total amount of deposits in bank were Taka 54,769,871 which are more than the known cash inflow from sales and advances (Taka 42,633,994) by Taka 12,135,877.

Unexplained Withdrawals: Aggregate withdrawals from Bank (Taka 46,428,932) were Taka 15,408,568 per cost of service and administrative expense (Taka 31,020,364).

5.5 Findings:

- **Cost of Goods Sold (COGS) Unverifiable:** An essential absence of corroborating documents for purchase-related expenses (customs, C&F fees) led to an inability to verify the COGS balance.
- **Inventory Control Issue:** The management did not permit the verification of the physical inventory count in both years, rendering the closing inventory balance (Taka 74.4 million in 2024) unverifiable and high-risk.
- **Administrative Expenses Not Verified:** Administrative expenses remained mostly unverified because of the absence of supporting documentation, hindering any meaningful oversight or control of the budget.
- **Unverifiable Trade Payables and L/C Liabilities:** The total outstanding Letters of Credit (L/C) and L/C margins could not be confirmed due to missing documentation. This limits alternative verification of inventory purchases and increases the risk of understated or misstated liabilities.
- **Critical Cash Management Deficiency:** Notable unaccounted discrepancies appeared between documented cash movements and banking actions (a Taka 15.4 million discrepancy in withdrawals for 2023), suggesting that substantial financial dealings were inadequately documented or managed.

Chapter Six

Conclusion and Implications

6.1 Conclusion

During Internship and under the auditor observation that there is no any fundamental internal control for better grip on accuracy-transparency-accountability.

What's worst is how egregious these deficiencies are if you look at the Report of Disclaimer of Opinion on Audited Financial Statements for the year end 2023 and 2024. That's not for some inconsequential thing, that's because the auditors couldn't gather enough and appropriate evidence to support financial figures—because they didn't have the data. All of this is due to poor data policy, general lack of cross-checking assets and cash-management liabilities at the company.

So those broken links, some of the reasons that don't have those attacked empowered, cost picture for what it costs to go out will now have this cost data will move them to act and actually figuratively shop on the internet with. Without this information I believe there is already too 'much of a guess factor' in prices and budgets to make any real comparisons on variances. So management has no idea what it may cost, the resources it needs or can efficiently make and with what to plan on making long term investments. The results of that sort of fiscal mayhem run deeper than mere logistical inconvenience. They are a material threat to the health of the company in financial stability, investor trust and regulatory terms. If an organization does not have powerful internal control system, some way to controls over saving cost as well as better financial management can greatly impact the profit margin of a firm in low-profit common apparel manufacture industry.

But, the true real-world value of interning is understanding how much you need all things to be papered and documented. Even more, it communicated to me -cost management and planning- is not just accounting but the lifeblood of any business. Improving of these constructs is very much important for Triple i Knitwears Limiteds effective working performance and in fact fosters the truth of audit standing validity and sustainability as well.

6.2 Implications

Erosion of Stakeholder Confidence:

Implication: The Disclaimer of Opinion gives notice that most likely something fell short in the inquiry or the money trail. This lack of confidence may ultimately result in reduced ability to attract investment, borrow or join business alliances and in the long run be fatal for growth and future existence.

Action: The business will have to show it is dependable, for example by improving financial controls and performing a thorough investigation internally, possibly with one done by an outside agent that's reputable.

Lack of Cost Management:

Impact: Because the company can't properly monitor COGS (cost of goods sold), they don't know what their real gross margins are. All of which may result in underestimation of the product and over-stating of profit – neither of which are conducive to a company's competitive positioning.

Action: The company must have more efficient cost-monitoring systems, be it the implementation of modern enterprise resource planning (ERP) systems or a mere upgrade of its inventory management to churn out proper costing data.

Threat of Deception and Loss:

Implication: No control with cash and unverified stock – the risk of fraud or theft and financial misstatement is very high. It can do massive harm to the treasury as well as to the future actual existence of a company.

Control: The effectiveness of internal controls monitor transactions more efficiently, and the introduction of checks and balances within the organization may reduce fraud risk. It would also be nice to seek and audit occasionally

Inefficient Decision Making:

Read more Implication: The business is running based on flimsy or incorrect historical data, making decisions relying on misleading assumptions. Wastes like such things can result in misallocation of resources, investments with negative value generation and divert attention from products and services that consumers might actually want to purchase.

Action: Make the budgeting process more accurate and enable it to prevent inaccuracy or obsolescence in financial data. That's not to say that such forecasting tools and financial analytics can't be used to make better decisions in the future.

6.3 Recommendations

- **Strengthen Document Management**

Triple I Knitwear Limited should enforce a strict documentation policy ensuring all costs are supported by proper source documents and accurately linked to ledger entries to enhance transparency, prevent errors, and reduce fraud risk.

- **Improve Inventory Management**

The company should conduct regular physical inventory counts in compliance with IAS 2, with auditors present at year-end, to ensure accurate inventory valuation and reliable financial reporting.

- **Ensure Regular Cash and Bank Reconciliation**

Daily bank reconciliation should be implemented to promptly identify and resolve discrepancies, strengthen cash control, and prevent unauthorized transactions.

- **Implement Effective Budgetary Control**

A well-structured operating budget should be prepared using reliable data, supported by monthly variance analysis to monitor costs, identify inefficiencies, and improve financial decision-making.

6.4 Reference

M. Ahmed & Co. (2023). *Independent auditor's report and financial statements of Triple I Knitwears Limited for the year ended June 30, 2023*. Triple I Knitwears Limited.

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