Audit Procedures of a Chartered Accountant Firm: A Study on HodaVasi Chowdhury & Co”

Supervised By:

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Letter of Submission

02 November 2025

Ripon Mia

Assistant Professor

Department of Business Administration Faculty of Business & Entrepreneurship

Daffodil International University

Subject: Submission of the Internship Report on “**Audit Procedures of a Chartered Accountant** of Hoda Vasi”

Dear Madam,

I respectfully submit my internship report entitled “**Audit Procedures of a Chartered Accountant of Hoda Vasi**.” This report is the result of my fulfillment of the internship requirements of my BBA program and produced in accordance with the guidelines set forth by the university and your suggestions.

The report represents practical knowledge gained from the internship experience with Hoda Vasi, as well as the concepts and skills that were developed in my coursework.

I want to sincerely thank you for your support and assistance throughout this process. I kindly ask for you to accept my report for review.

Yours faithfully,

…………………

Ohedujaman Miras
ID: 221-11-1623
Major in Accounting
61st batch
Program: BBA
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Declaration

I, Ohedujaman Miras (ID: 221-11-1623), declare here that the internship report named "Audit Procedures of a Chartered Accountant Of HodaVasi Chowdhury & Co" is prepared and completed by me for proper completion of a three-month internship at HodaVasi Chowdhury & Co.

This work is exclusively prepared for completion of BBA academic requirement with Business Administration, Daffodil International University, and is intended for institutional purposes.

I also assert that the report will not be used, copied, or submitted for academic, commercial, or other purposes without the author's direct written permission.

Sincerely Yours

Miras

……………………..

Ohedujaman Miras

ID: 221-11-1623

Major in Accounting

61th batch

Program: BBA

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Certificate of Approval

This is to certify that Ohedujaman Miras, ID. 221-11-1623, a pupil at Daffodil International University, has finished the externship report called " Audit Procedure of Hoda Vasi Chowdhury & Co " under my guidance. His externship was at Hoda Vasi Chowdhury & Co., a Chartered Accountant establishment. I'm happy to say that he worked hard on this report and successfully presented a clear picture of the association. The data and findings in the report appear to be authentic.

I wish him every success in life.

11/11/2025

…………………………

Ripon Miah
Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Hoda Vasi Chowdhury & Co
Chartered Accountants

To Whom It May Concern

Re: Mr. Ohedujaman Miras

We confirm that Mr. Ohedujaman Miras joined the Firm as an Intern on 08 May 2025 and worked up to 31 July 2025 under a specific short course designed for this purpose. During the tenure of his association with the firm, he was attached to our teams engaged in Cash incentive audit of IFIC Bank as a team member.

He performed his assigned responsibilities satisfactorily as a team member. During his time with the firm, we found him to be sincere, dedicated, and hardworking.

We wish him all the success in life.

Dated: 31 July 2025

Dhaka

Md. Kamrul Islam
Manager
HR & Admin

Executive Summary

This internship report outlines the performed procedures and experience during a three-month internship at an established chartered accountancy firm Hoda Vasi Chowdhury & Company (HVC). The primary purpose of this report is to examine the theoretical and practical consideration of audit procedures that allow Chartered Accountants to develop skills relevant to their profession. These procedures have an important consideration for achieving transparency and compliance in the business environment of Bangladesh where technology and regulatory environment is continuously changing. HVC is a professional services firms with over 60 year experience helping clients with audit, accounting, taxation and business advisory services. The firm is based in Dhaka and Chittagong with over 200 professionals on staff. HVC's client list includes organizations from various sectors including banks, energy, telecommunications and NGOs. HVC's vision is to serve its client's sustainable development while providing a high standard of ethics and professionalism.

During my internship learning period I was involved in Cash Incentive Audit and Inventory Counting whereby I participated in or performed file check, data entry and client communication. Through this experience, I learned the practical aspects of audit procedures such as risk assessment, evidence procedure and analytical procedure. I understood the importance of teamwork and having data accuracy, which would be helpful towards audit quality.

Audit procedure main phases include: Client Acceptance, Audit Planning, Risk Assessment, Evidence gathering not limited to Physical Verification, Vouching, Substantive Testing, Audit Report Preparation. HVC adopts ICAB and ISA standards where matters such as Key Audit Matters (KAM) and the Going Concern Test comes into consideration.issues includes the likelihood of errors because of performing audits manually as well as inconsistencies in risk assessment.

The main findings are the lack of digital tools in the audit system and ineffectiveness in the program. Recommendations: Increasing digitalization, establishing training programs, and enhancing risk management.

In short the internship gave me the opportunity to build professionalism and work skills. HVC has played a significant role in the economic transparency of Bangladesh.

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Chapter 1: Introduction

1.1 Introduction

Hoda Vasi Company as an established professional services provider has gained expertise in the areas of business development and auditing. The three month internship program conducted in this company provides practical experience which is helpful in developing the skills required in a profession like Chartered Accountancy. The main focus of this internship is on the audit procedures of Chartered Accountants which are directly linked to the operational strengths and professional approach of the company.

This topic is very important because audit procedures ensure business transparency financial accuracy and discipline. Chartered Accountants verify the financial statements of the company through this process which increases investor confidence and reduces legal risks. In todays global business environment where technology and regulations are changing rapidly these procedures are essential for the stability and growth of the company. Through this internship in an organization like Hoda vasi one can learn the practical application of auditing which strengthens the foundation of a professional career. This report will discuss audit procedures in detail revealing both their theoretical and practical aspects.

1.2 Statement of the problem

Professional service providers like Hoda Vashi Company face various challenges in implementing audit procedures that hinder financial transparency and compliance. In the current business environment the complexity of companies financial transactions has increased which has led to irregularities lack of information and technical limitations in the audit process. For example it is difficult to maintain consistency between international standards such as IFRS and local laws when verifying clients' financial statements which reduces the accuracy of the audit. These problems affect the companys stable growth and maintain client confidence. Despite Hoda Vashi's operational strengths lack of expertise or training in audit procedures increases financial risks and creates doubts among investors. These problems were explored through a three-month internship program to identify weaknesses in the procedures used by chartered accountants and find ways to improve them. The purpose of this statement is to clarify these challenges in the audit process, which will provide a basis for analysis and solutions in the later part of the report.

1.3 Objectives of the study

The main objective of an internship is to apply knowledge through practical work. Working in a professional firm like Hoda Vasi Chowdhury & Co one can learn the practical aspects of auditing, accounting and business management. It helps in understanding the challenges of the corporate world and prepares for future careers. In short this internship provides an opportunity to test the classroom knowledge in the real world.

Specific objectives are:

- To know the audit engagement process audit planning and risk assessment process.
- To explain the evidence gathering procedure,substantive procedure and analytical procedure.
- To analyze audit report generation process, going concern and Key Audit Matters (KAM) in audit report.
- To recommend measures based on findings.

1.4 Methodology of the Study

The preparation of the internship report gives some ideas about "Audit procedure" in Bangladesh. The information is collected from two types of sources

- Primary sources
- Secondary sources

Primary sources

- Collected from working with audit teams.
- Audit managers, audit assistants, and current students of the firm.

Secondary sources

- Information was collected from audit working papers (prepared by Hoda Vasi Chowdhury & Co.)
- Information was collected from printed references (books, files,) and online sources (the Internet). Examples being Bangladesh Standards of Auditing (BSA).

Data Collection:

Primary data were collected using observation on the job traning and unstructured interviews with the sorces mentioned.

Limitations of the study

The main objective of the report was to conduct a detailed analysis of external audit procedures. During the internship, various dilemmas had to be faced which needed to be resolved efficiently and effectively. Apart from this, some limitations were encountered while writing the report which are as follows:

1. Time Limitation: Audit procedures are a vast and complex concept which is almost impossible to explore completely. Hence, the focus has been on the aspects acquired during the internship. If there was time, many issues could have been discussed with more precision.
2. Limitations of Practical Environment: As a junior student, limited responsibilities were given and the impact of any possible wrong decision could be serious. Due to this, there was a limitation in understanding the completeness of the audit process.
3. Company Code of Conduct: Specific details of audit procedures could not be shared to protect the confidentiality of the company and the client. Hence, it was not possible to mention all the parts of the knowledge acquired in detail.

Chapter 2: Company / Organization Overview

2.1 Overview of the organization

Hoda Vasi Chowdhury & Co (HVC) is a very well established and old professional services firm in Bangladesh. They have been working in the audit, accounting, taxation, business advisory and management consultancy sectors for more than 60 years.

The company was started in 1962 as A F Ferguson & Co as part of a Scottish company. Later, after Bangladesh became independent, the company became known as Hoda Vasi Chowdhury.

Its programs and operations are characterized by high levels of professionalism, credibility, and transparency. One of the hallmarks of the organization is providing clean, accessible, and effective services to its clients.

The company's headquarters is located at BTMC Bhaban, Kawran Bazar, Dhaka, Office Address: 7-9 Kazi Nazrul Islam Avenue, BTMC Bhaban, 8th & 7th Level.

The staff consists of over 200 professionals and a supportive administrative and support team. Their team provides audit, accounting, tax work as well as specialized consultancy and business advice.

HVC's client list includes organizations working in various industries multinational companies and individual entrepreneurs, NGO, government agencies, and start up companies.

Their main objective is to improve the financial and business performance of their clients, help them solve problems, and maintain international standards in service delivery.

An important aspect is that they operate as an ICAEW approved ACA Training Employer which increases students opportunitie for professional training and experience.

Hoda Vasi competitiveness in the future may increase based on its ability adapt to changes in technology, international audit standards and tax laws. This institution is an important part of the business and accounting system in Bangladesh.

2.2 Mission, Vision and Values Hoda Vasi Chowdhury & Co

1. Vision

This vision indicates their determination that they not only want to provide good service but also want to maintain recognition in the local and professional community as a reputable professional organization.

2. Mission

- To provide excellence in our relentless efforts for the sustainable growth of our clients.
- To keep pace with global growth and developments in technology and professionalism with high ethical standards.

This mission indicates that HVC aims to work towards the continuous and sustainable development of its clients while maintaining high ethical standards to keep pace with the global pace and changes in technology and professionalism.

3. Shared Beliefs or Core Values

- Unparalleled value for clients
- Paripals commitment and dedication

These beliefs mean providing the highest value service to clients and building relationships with colleagues based on responsibility and integrity.

4.Strengths / Operational Strengths

Organizational Strengths

- Approximately 50 years of experience and high expertise
- Average 20 years of experience among professionals
- Professional commitment and ethical standards maintained
- 200+ professionals from various departments

Operational Strengths

- Ability to understand client needs and expectations
- Direct supervision at the Partners level
- Extensive training and development program
- Customizing each job to your liking
- Full understanding of local regional and international laws and professional standards
- Adherence to international standards

Summary

HVC's Vision, Mission and Core Beliefs or Strengths clearly reflect their corporate identity. They continue to hold high ethical standards, professionalism and technological adaptability as their core values. Their mission is to be committed to developing and serving their clients; and their vision is to be recognized as the best professional services organization in the region. Their values and management strengths serve as a foundation for making the organization competitive and credible.

2.3 History and Current Activities of Hoda Vasi Chowdhury & Co.

Foundation and History:

Hoda Vasi Chowdhury & Co is one of the oldest and leading professional services firms in Bangladesh. They began their operations in 1962 as the Bangladesh branch of Scotland-based firm A. F. Ferguson & Co. After independence from Pakistan in 1972 the firm was reorganized in Bangladesh as Hoda Vasi Chowdhury. Since its inception HVC has been providing audit, tax advisory, business advisory and consultancy services.

Current Activities:

Currently, HVC operates offices in Dhaka and Chittagong, Bangladesh, with over 200 staff. The firm provides services in audit, tax advisory, business advisory, management consulting, and business process outsourcing. In addition, HVC is involved in some international projects and provides audit and consulting services to multiple development partner organizations.

Clientele:

HVC has more than 1000 clients operating across various industry sectors. Banks and financial institutions, energy and oil, telecommunications, construction, chemicals and pharmaceuticals, international NGO and development partners, hotels and resorts, civil and commercial services, aviation and shipping are among their clients.

Organizational Strength:

HVC has organizational strength in the form of approximately 50 years of operation, professionals who average 20 years of experience, and greater than 200 professionals. HVC works directly under partner supervision and understands client needs and expectations, and takes a customized approach to each job.

Training and Development:

Hoda Vasi conducts extensive training and development programs for professionals, which help them enhance their skills and improve professional standards. The firm was listed as a USAID approved audit firm in 1993.

International Standards:

Hoda Vasi CA Firm provides international quality audit services and participates in various international projects. The company joined Allinial Global as a member in 2025, which is a reflection of their sincere commitment to providing quality services.

2.4 Services Provided by HVC:

HVC provides a wide range of services and assists its clients in keeping up with the fast-paced and competitive business climate.

Its knowledge encompasses a variety of financial, tax, management, and advising fields.

Additionally, it provides services to foreign development organizations and foreign consultants involved in different projects in Bangladesh.

The majority of the typical service regions are:

Audit and Assurance	**Fiscal and Taxation**
• Statutory/Annual Audit. • Special Purpose Audit/Review • Agreed Upon Procedures Work • Negative Assurance. • Interim Review. • Internal Audit • Operational Audit. • Performance and Compliance Audit • Corporate Governance.	• Corporate Tax. • Value Added Tax (VAT). • Other Indirect Tax • Individual Tax Including Expatriate tax • Tax Advisory Services. Tax Planning & Tax Compliance. • Tax Due Diligence • Transfer Pricing

Business Advisory and Transaction Services	**Management Consulting and Other Special Services**
1.Due Diligence. 2.Business Valuation. 3.Corporate Restructuring. 4.IPO Assistance. 5.Capital Market Advisory. 6.Joint Venture and Business Collaboration. 7.Feasibility Study. 8.Technical Collaboration. 9.Company Formation and Corporate Services. 10.Setting up Liaison / Branch Office. 11.Enterprise Risk Management. 12.Information Security and Risk Management. 13.Setting up Provident, Gratuity, and Pension Funds. 14.Market Research, Survey and Studies.	1. Development Project Management. 2.Donor Funded Project Assistance. 3.IT Systems Design and Implementation. 4.Executive Search and Selection. 5.Immigration Verification Services. 6.Foreign Remittance. 7.Forensic Investigation. 8.Salary survey. 9.Training & Capacity Building. 10.Financial System Design. 11.Accounting Manual and Chart of Accounts Preparation. 12.Health & Nutrition Surveys. 13.Outward Remittance Certification. 14Cash Incentive / Subsidy Certification. 15.Salary & Benefit Survey. 16.Work Permit & Visa Processing for Expatriates.

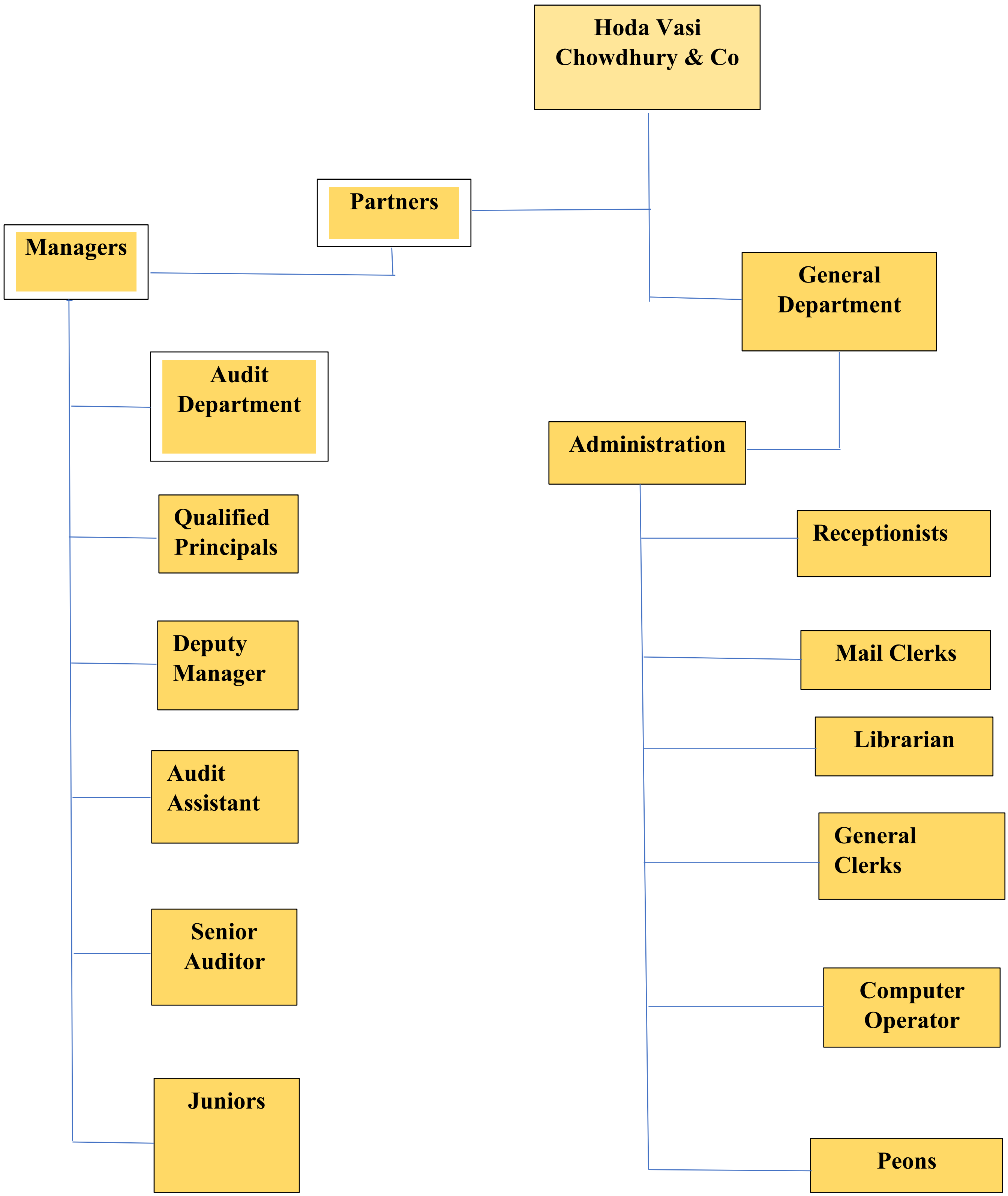
Business Process Outsourcing (BPO)	Associate Consultants
1.Payroll Management. 2.Book-keeping & Accounting. 3.Secretarial Services. 4.Personal Tax. 5.VAT, TDS. 6.Airlines Remittance services. 7.Provident Fund accounting. 8.Statutory return preparation & filing. 9.Quarterly return preparation & filing. 10.Document Management and record keeping. 11.Disaster Recovery and Business Community Support.	HVC has a number of associate consultants to work special projects and services, namely, 1. Health & Nutrition. 2. Human Resources. 3.Engineering. 4.Material Surveyor.

2.5 Major Industries receiving services:

Manufacturing and Trading	1.Apparel 2.Chemical processing 3.Engineering 4.Cement 5.Fabricated products Pharmaceuticals 6.Jute goods/garments/textiles, etc. Food products

Commercial services	1.Courier and cargo services 2.Hospitals 3.Airlines 4.Hotels
Finance	1.Banking 2.Investment 3.Insurance 4.Capital Market 5.Security Service 6.Companies
Energy and Telecommunications	1.Oil and gas 2.Power and power generation 3.Telecommunication 4.Mining
Non-profit organizations	1.NGOs 2.Charitable organization 3.Universities 4.Foundations

2.6 Organization chart of Hoda Vasi Chowdhury & Co.:



2.7 Role of Personnel:

Partners: Partners are responsible for grabbing the attention of new clients to offer services. Sometimes clients also approach the firm directly. Associates must ensure that current clients receive the best service.

Audit Managers: must be Chartered Accountants who can help partners in different ways. Before signing any documents the audit report should be reviewed thoroughly.

A)Supervisors:

Supervisors do not need to be chartered accountants. They can also be students who have completed the course and have extensive experience in accountancy. An audit manager supervises them during audit activities guiding when and how these activities are carried out.

b)Senior Student:

An audit senior has gained some experience in accountancy before being named audit senior of the firm.He works directly under the audit manager and supervisor.

C) Semi-Senior Student:

A semi-senior student must complete one year of articled training at the firm.While out in the field he reports to the firms senior students.

d) Junior Student:

Taking their first steps in the audit company, these junior students have recently been recruited.

Chapter 3: Internship Role and Responsibilities

3.1 Internship Position & Duties:

An internship is a work experience that helps people gain practical skills in particular job fields. It is a position where students can gain professional experience in a field they are interested in. Internships help students apply their skills in a real work setting. They provide a complete and realistic view of the workplace its culture and the overall experience.

Internship Position: As an intern, I worked at Hoda Vasi Chowdhury & Co with senior article students for a three month cash incentive audit. My role was similar to that of an auditor.

Internship Duties: I was part of a team of seven members, collaborating with clients from IFIC Bank to conduct monetary incentive examinations. IFIC Bank was one of Hoda Vasi Chowdhury & Co clients. I also verified IFIC Bank customers. Hoda Vasi Chowdhury & Co. is an accountant registered with the Bank of Bangladesh for Bank Clients Cash Incentive Audit.

As an intern, my responsibilities were following:

1.forwarding files from the bank
2. Preparation of the working file
3.Checking the work file
4. Calculate the incentive application in cash and check the work file
5. Verification and signature of the partner
6. Enter the data
7. Prepare the floor script and the draft of the certificate

3.2 Rationale of those roles and responsibilities

During my time interning at Hoda vasi Chowdhury & Co I became acquainted with the internal structure and professional responsibilities of the firm. The foundational structure of HVC is a group of professionals across various departments who operate under the direction of partners who base their oversight on both practical experience and expertise. My main role was in the Cash Incentives of Audit & Assurance and I was involved in reviewing the files and analysing the accounting for identifying any errors or omissions.

My responsibilities primarily were:

- Support the team by identifying any errors in the files provided to me and raising these with the team senior.
- Documentation and reporting: sorting based on serial number as soon as the files arrived from the client.
- Communication with the client: communicating with the client when errors were identified in the file in order to discuss the issue of correction.

These responsibilities allowed me to become more familiar with the internal functioning and professional responsibilities of Hoda vasi Chowdhury & Co and they provided me a greater understanding of the reform structure and processes.

Chapter 4: Key Learnings and Experiences

4.1 My Practical Experience as an Internship On the Following Tasks

My responsibilities in this department have been just to assist in a small and possibly way:

1.Making Checklist

2. Use the Xerox machine to help them.

3. Prepare Queries and send it to the IFIC Bank

4. Handle the client

5. Input data

6 Calculate Cash Incentive Claim and Cross Checking of the Working File

Besides the above responsibility, I have also verified important documents:

1.Application

2.Master L/C or Contract

3.Back to Back L/C

4.BTMA Certificate

5.Proceeds Realization Certificate (Original Copy)

6.Export invoice / Commercial Invoice/ Packing list

7.Bill of lading (B/L)

8.Bill of Export

9.EXP Form etc.

Companies, which cash incentive file I have audited:

1. knit Composite Textiles Mills ltd,
2. Jubaida Korim Jute ltd,
3. Soniya Garments ltd,
4. Silver Line ltd,
5. Pusti Group,
6. Islamic Garments ltd,

And The five Companies I went to for inventory counting audits were:

1. Jubaida Korim Jute ltd,
2. Korim Jute,

3. Pusti Group,
4. Silver Line ltd,
5. Utho Group ltd,

While I conducted inventory counting audits in those organizations I verified the records of the raw material manufacturers in the warehouse and reviewed the documentation against the stock or the stock out in some cases. The company depended quite a bit on me to ensure the reporting was accurate. This experience taught me not only the technical auditing role but also provided practical insights about business organizations operations and inventory management especially in agriculture and retail business organizations.

4.2 My Observations:

1. During my internship I noticed that data collection and documentation is a very important step in the audit process. If accurate and precise data is not obtained from clients, the quality of the audit report can be compromised. Therefore, caution and patience are always required in verifying and sorting data.
2. During inventory counting, I realized that in many organizations, there is a discrepancy between the stock records and the actual inventory. This problem is usually due to incorrect accounting, lack of proper supervision, or human error. This creates an additional responsibility for auditors to extract the correct information.
3. Throughout my internship experience, I have realized that teamwork is essential for audit activities. It is not possible to complete complex audit activities without the support, guidance and supervision of senior auditors. The process of gaining experience and learning is much faster through teamwork.

Chapter 5: Audit Procedures of a Chartered Accountant

5.1 Audit Procedure of HVC

HVC runs a main division called "Audit and Assurance", where various types of audit services are provided such as Statutory / Annual Audit, Special Purpose Audit / Review, Internal Audit, Operational Audit, Performance & Compliance Audit, besides Corporate Governance, Interim Review, and Agreed Upon Procedures and Negative Assurance.

Below are the main steps and procedures of their audit process:

1. Engagement / Appointment Process

Before starting the audit, HVC and the client determine the type of audit they will work on; if it is a new client, an engagement letter is exchanged. This makes the scope of work and responsibilities clear.

2. Planning

The audit planning is the most important step. Before starting the audit process, HVC determines the client's business, internal control systems, risk analysis and key audit areas. The plan is recorded in a memorable document (Audit Plan / Engagement Memorandum).

3. Collection of Evidence

HVC works in the following steps to collect audit evidence:

- Physical verification of assets / inventory
- Testing internal controls
- Vouching supporting documents, invoices, contracts, ledger entries
- External confirmations, e.g. bank confirmation
- Analytical procedures and management representation

4. Controlling and Recording

The information collected is accurately recorded and working papers are maintained. Each step, observation and decision is reflected in the working papers, so that it can be reviewed later.

5. Review & Opinion

The audit manager and partners review the work to see if all the steps have been followed correctly. Then an audit opinion / report is given, where it is determined whether the financial statements are fairly presented or not.

6. Additional audit services and features

HVC is not limited to general audits only. They also provide special purpose audits, internal audits, performance & compliance audits and corporate governance review services.

HVC's professional approach works according to a listed strategy, first determining the needs, then identifying the core business processes, then developing methods and tasks, and linking them to the future.Together, these processes make HVC a disciplined, professional and high-quality audit firm.

5.2 Client Acceptance

When a firm takes on a client, they check for risk, independence and competence. Purpose: To avoid mistakes and maintain ethics and This is required for new clients or to continue with an old client.

Key steps as per ICAB/ISA:

- Initial check: Check the client’s background such as whether there are any legal issues financial risks or controversies.
- Independence test: Is there anyone in the firm connected to the client? such as family or business links.
- Competence check:Will the firm’s team understand the client’s industry? Are there sufficient resources?
- Engagement letter: Put all terms in writing so that responsibilities are clear.
- Risk assessment: Check whether there is a possibility of fraud or error in the client’s account.

Why is it needed?
It keeps the firm safe, avoids problems with the client. ICAB firms like Hoda Vasi in Bangladesh follow this, because it is mandatory under company law and international standards. If not done, it could result in loss of license or reputation.

5.3 Key Verification Procedures in ICAB-Recommended

ICAB-recommended main verification methods

1.Physical verification

Direct observation at the place of leisure or work to confirm the existence of movable and immovable assets, inventory, etc.

2.External confirmation

Collecting information from third parties such as banks, suppliers, lenders, etc. such as bank solvency, outstanding creditor receipts, etc.

3.Vouching and examination of supporting documents

Checking the consistency and authenticity of invoices, purchase orders, delivery challans, check statements, etc.

4.Cut-off test

Evaluating whether the transactions before and after the last day of the year have been correctly classified.

5.Analytical procedures

Comparing the data of the previous year and the desired concept (expectation) based on the analysis of sales, cost growth trends.

6.Reconciliation

Checking whether there is a similarity or similarity between various accounts — such as ledgers and sub-ledgers, bank statements and book accounts.

7.Testing internal controls

To verify the effectiveness of the client organization's control system to prevent irregularities, errors or irregularities.

8.Subsequent events review

To review the impact of events such as retirement, surrender or loan agreement changes.

9.Management representation letter

To ask the client management to declare in a signed letter that the information they have provided is complete and accurate.

10.Disclosure review

To evaluate whether appropriate disclosure has been made as per the prescribed rules and standards (Accounting Standards / BFRS / Bangladesh Standards).

These procedures are well advised in the ICAB Audit Practice Manual and most chartered audit firms such as Hoda Vasi Chowdhury & Co. follow them in their audit activities.

5.4 Audit Documentation

Audit documentation is the working papers of the audit where auditors check the client's accounts, collect evidence and write conclusions.

Purpose: To show the quality of the audit, avoid mistakes and help in subsequent audits.

Key principles as per ICAB/ISA:

- Acquisition and maintenance: All information from the beginning to the end of the audit must be recorded. This includes financial statements, transactions, interview notes and calculations.
- Time limit: All documents must be finalized within 60 days of the issuance of the audit report. After that, they must be kept for 5 years (according to the Companies Act in Bangladesh).
- Confidentiality: It is important to keep client information confidential, only authorized people can see it.
- Digital vs. Paper: Now most digital tools (such as audit software) are used, but everything must be traceable.

Why is it important?

It proves to the auditor that they have checked everything correctly. If there is a problem, then these documents can be understood.in Bangladesh, firms like Hoda Vasi follow this because they are ICAB members.

5.5 What is an audit plan?

An audit plan is the overall strategy and detailed approach to an audit engagement. It is developed before the audit begins, so that auditors plan the objectives, scope, timing, resources, and risk management. The main objective is to make the audit effective, cost-effective, and risk-based., not just routine checks, but to address the specific challenges of the client. Key elements and steps of an audit plan According to ISA 300, planning is an iterative process that is, an initial plan is developed and then updated. These are detailed in ICAB's training materials. Here they are in brief:

1.Preliminary Engagement Activities:

- Client acceptance and continuity checks independence confirmation.
- Team Selection: Assignment of audit partners, senior and junior members. According to ICAB rules, the team's expertise should match the client's industry.
- Initial Risk Assessment: Starting with data from the previous step.

2. Overall Audit Strategy:

- Objectives and Scope: What will be checked balance sheet, income statement and what will not. In Bangladesh, BSEC requirements for listed companies include.
- Timing: Audit schedule Interim audit mid year and final audit year end.
- Resource allocation: Budget, manpower and tools such as audit software such as CaseWare or Excel.
- Materiality setting: How large an error is considered material usually based on 5-10% of profit or assets.

5.6 Risk Assessment

Risk assessment is a systematic process at the beginning of the audit process, where auditors measure the level of risk by understanding the client's business, operations and external environment. The main objective is to detect the possibility of a material misstatement in the financial statements. It makes the audit more efficient, as auditors save time and money by focusing only on high-risk areas.

Key steps of risk assessment According to ISA 315, it is a step-by-step process. These are described in detail in ICAB's training materials.

1. Understanding the Entity and Environment:

- Analyzing the client's business model, objectives, strategy and operations. Examples: Looking at the company's industry , location, and external factors
- Gathering information from interviews, company websites or previous reports.

2. Identifying and Assessing Risks:

- Inherent Risk: The inherent risks of a business, such as complex transactions (derivatives) or international trade.
- Control Risk: How effective are controls in detecting errors?
- Detection Risk: The likelihood of errors being missed by audit procedures.
- These are assessed and leveled: Low, Medium or High. Substantive testing (such as sample checking) is increased for high risk.

3. Assessing Internal Controls:

- Checking the client's own systems. financial reporting, IT security, segregation of duties. ICAB standards state that if controls are strong, audit testing can be reduced.
- Example: If the same person in a company's accounts department enters and approves transactions, the risk of fraud increases.

4. Risk Response and Documentation (Responding to Risks):

- Developing an audit plan: Collecting more evidence in high risk areas. For example, if there is a problem with revenue recognition, send a confirmation letter.
- Document everything: keep risk maps, assessment notes in working papers. According to ICAB rules, this has to be kept in the audit file for 5-7 years.
- If the risk is too high, the auditor can advise the client or reject the engagement.

5.7 Evidence Collection

Gathering audit evidence is the backbone of the entire process. Auditors need to gather sufficient and appropriate audit evidence to form an unqualified opinion on the financial statements. Auditors use a variety of methods to gather evidence, including, according to Hoda Vasi Chowdhury & Co.

1) Inspection:

1.Reviewing documents and records such as invoices, contracts, bank statements, ledgers, etc.

2. Physically inspecting tangible assets such as equipment, buildings, land, etc.

3. It Helps verify existence, ownership, and valuation.

2) Observation:

Observing how internal operations are carried out and managed, for example observing the stock counting process, or how cash is handled at closing.

3) External Confirmation:

Collecting and verifying information from someone outside the company, such as bank confirmation letters for balances and loans.

4) Inquiry:

Asking questions (both formal and informal) of management and employees of the organization being audited. And written or oral procedures can be used as evidence but usually need to be supported by other evidence.

5) Recalculation:

To calculate their balance sheet amounts correctly. For example, calculating salaries, checking depreciation schedules, interest calculations, etc.

6) Reperformance:

To see exactly how the company's employeees conduct their work. How they control their work capacity and what methods they use to work.

7) Technology-Based Evidence:

A company is conducting financial transactions through technology or software. These are being tested.

5.8 Substantive Test

Substantive tests are when auditors directly examine the client's financial data during an audit to ensure that there are no material misstatements. They do not rely on internal controls to gather evidence. They are usually part of the audit plan, performed after a risk assessment. There are two types: Tests of Details (specific checks) and Analytical Procedures (trend analysis). And the purpose: To verify assertions such as accuracy, completeness, etc.

Key steps/types as per ICAB/ISA:

1. Tests of Details: Check transactions or balances such as invoice verification, bank confirmation, physical inventory count.
2. Analytical Procedures: Look for abnormalities by looking at ratios or trends such as comparing sales growth.
3. Sampling and Documentation: Sampling according to risk, everything recorded in working papers and more testing for high risk.
4. Follow-up: Management queries or additional checks if problems are found.

Why is it necessary?

This is the main basis of audit evidence, catches errors and ensures the reliability of the report. ICAB firms like Hoda Vasi in Bangladesh follow this mandatorily, because the Company Act and BSEC requirements demand it.if not, the audit becomes ineffective and liability increases.

5.9 What are Key Audit Matters (KAM)?

Key Audit Matters are a list of the most important and challenging issues in a company's audit report. Auditors who check a company's accounts identify them as KAM when they see that there is a high risk, difficult to collect information, or it is very important to the financial health of the company. This is done in accordance with the international auditing standard ISA 701, so that shareholders or investors understand what the major problems were in the audit. For example, there are many complications in calculating a company's revenue, or if the valuation of assets is not correct, these can be KAMs. In this, auditors do not just say that everything is fine but also explain in detail how they checked and why it is important.

How are KAMs selected

1. Identifying risks: When starting an audit, they first find out where there is a high probability of errors in the company's financial reports, such as fraud or miscalculations. This is part of the audit plan.
2. Selecting critical areas: Selecting the areas with the highest risk and complexity.

For example:

- Where accounting estimates are used, such as calculating future losses.
- Where the judgment of the company's management is very much needed.
- Where the auditors have spent the most time and effort.

3. Communication and review: Auditors discuss with the company's management and audit committee. Then write 2-5 KAM in the final report. It is not only listed, but also why it is important, how the audit was done.
4. Not for any company: KAM is not required if it is a small company or not listed. Mainly for large, public companies.

It makes the audit more transparent, so that everyone understands what is happening.

5.10 Going Concern Test:

Going concern is an accounting concept that assumes that an entity will continue in operation for a specified period of time, usually 12 months, and will have the ability to continue its business. Hoda Vasi Chowdhury & Co. considers this issue with importance in various audit reports.

- When preparing the hvc audit report, management must assess whether there are significant uncertainties in the future that could affect the company's ability to continue operating.
- If the auditor sees those doubts, they will consider the appropriateness of using the going concern assumption in the financial statements and include those doubts and relevant information in the disclosure.
- For example, HVC states in several audit reports that “management does not foresee any significant uncertainties regarding going concern,” meaning they are optimistic that there are no major uncertainties in the next 12 months.
- On the other hand, if there are circumstances where doubt is valid, auditors specifically mention that uncertainty when providing their audit opinion.
- This test is a significant part of a company's financial wellness as it assesses the company's ability to continue to operate possibility in the future while giving valuable information to financial decision makers.

5.11 How They Set Materiality:

Materiality the level at which misstatements individually or in total could reasonably influence the decisions of users of financial statements. It's a professional judgment , not a fixed number.

Materiality set by Hoda Vasi Chowdhury & Co, the auditors might:

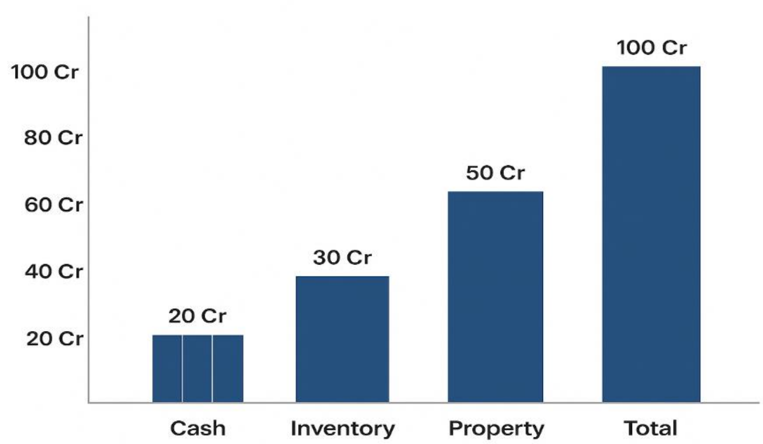
1) For a Bank Audit, materiality might be based on total assets or deposit, since users care more about solvency.
2) For a Manufacturing Company, Often Profit before tax or revenue is used.
3) For an NGO audit, auditors may use expenditure/grants received as benchmark.

5.12 Testing and Graphing of Financial Items

The financial report of Hoda vasi (Real Estate and Development Company) is verified by an audit firm such as a local CA firm or as per IFRS/GAAP. Testing process: Documents Invoice, Contract Verification, Physical Verification, Reconciliation Bank Match, and Analytical Review Ratio Check. This is seen in the Annual Report. We are using hypothetical data (Total Assets = 100 Cr).

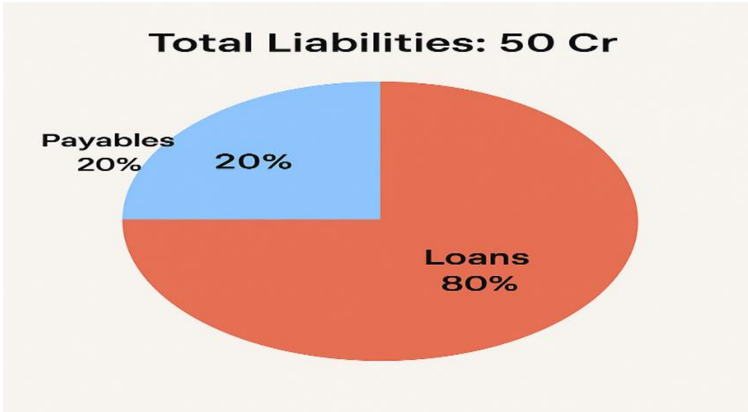
1. Assets Testing

How is it tested: Physical count property/inventory check, invoice/title document verification, fair value assessment and valuation report for real estate. Project Land/Building Focus at Hoda Vasi.



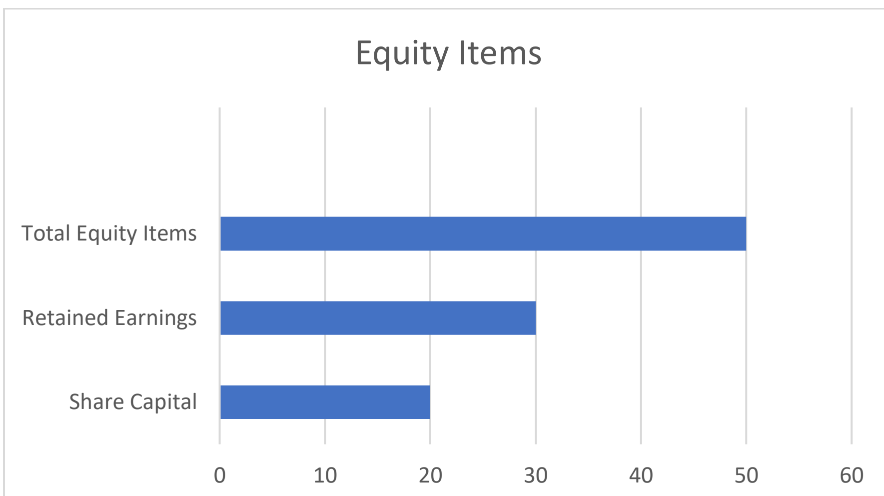
2. Liabilities Testing

How is the test done: Creditor/Bank confirmation Loan balance check, Document review Interest calculation, Current vs. Long term share verification. Project Loans focus at Hoda Vasi.



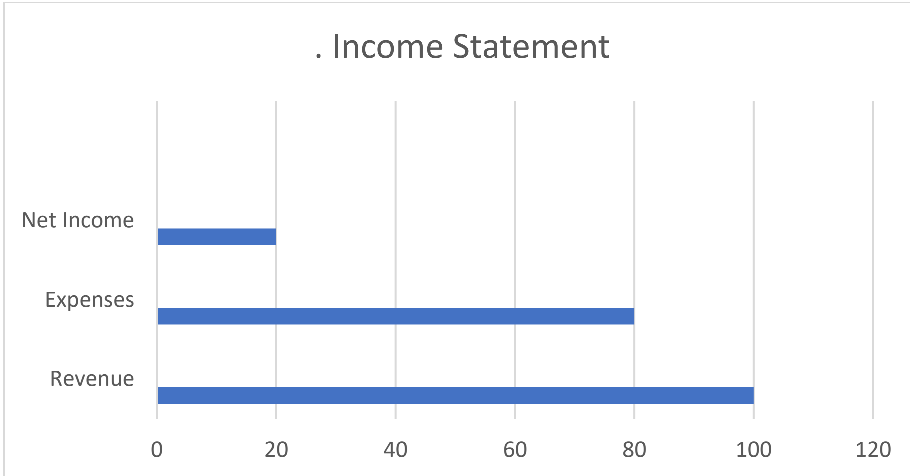
3. Equity Items Testing

How to test: Share register audit, issue/transfer checks, link retained earnings to previous income, verify reserves. Private Equity Focus at Hoda vasi.



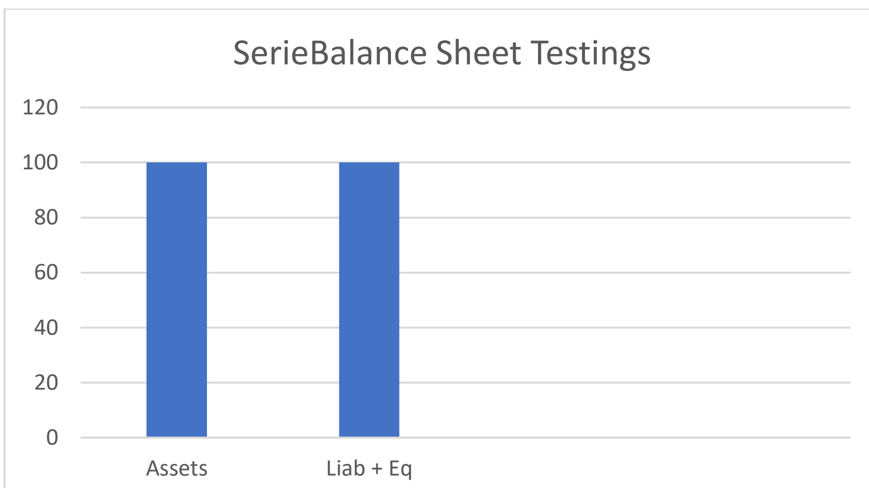
4. Income Statement Testing

How to test: Revenue voucher/invoice verification Sales recognition, expense document check Accrual basis, net income calculation. Property sales revenue focus in HodaVasi.



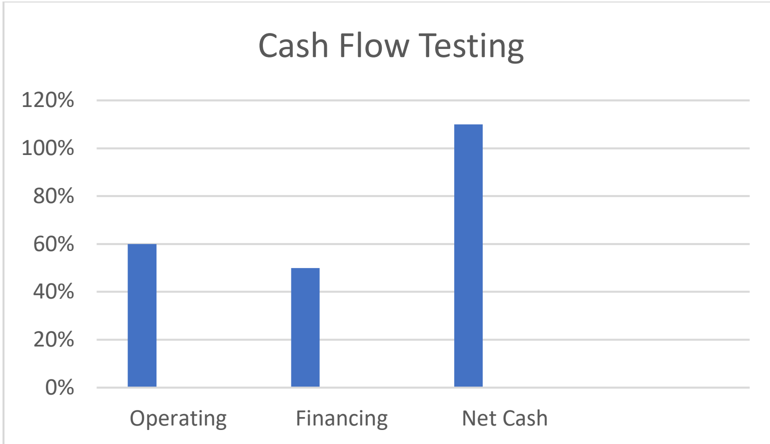
5. Balance Sheet Testing

How to test: Accounting equation check (Asset = liability +Equity) Reconciliation Bank/Ledger match, Ratio analysis , Debt-to-Equity < 1). Asset-heavy balance in Hoda Vasi.



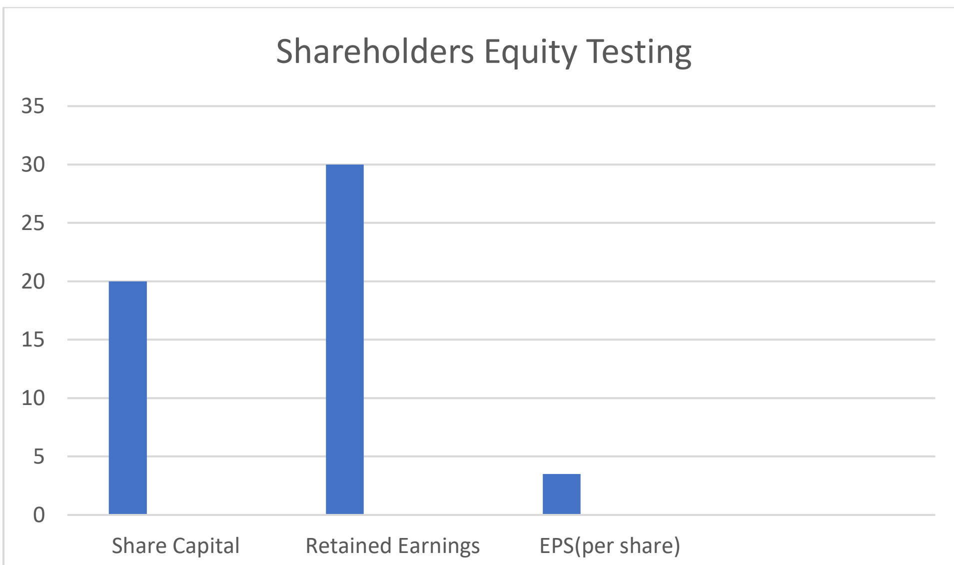
6. Cash Flow Testing

How to test: Bank statement reconciliation, Indirect method (net income + non-cash adjustments), Operating,Investing,Financing section verification. Project cash flow focus in Hoda vasi.



7. Shareholders Equity Testing

How is the test done: Share Issue/Dilution Check (Register), Dividend Payment Verification, EPS Calculation Net Income/Outstanding Shares.Investor Equity Focus in Hoda Vasi.



5.13 Audit Opinions/Audit Opinions They Provide:

Audit Opinion means that auditors check the financial statements and say whether everything is correct or not. As a member firm of ICAB (Institute of Chartered Accountants of Bangladesh), they provide standard audit reports. I am talking about general information from the ICAB site and ISA 700/705 Opinion Formation and Modification.

The opinion given in the report at the end of the audit, which is about the fairness and accuracy of the financial statements. In Bangladesh, it is mandatory according to Section 115 of the Companies Act 1994. Firms like Hoda Vasi give opinions based on the client's data, risk and compliance.

Main types of opinions (according to ICAB/ISA):

1. Unqualified/Clean Opinion: Everything is correct, no problems are the best. This is given in most cases.
2. Qualified Opinion: There are minor issues such as errors in specific accounts, but overall correct. Reasons are mentioned.
3. Adverse Opinion: Statements are misleading, major errors, very rare, bad for the client.
4. Disclaimer of Opinion: The auditor did not get enough evidence such as scope limitation, so cannot give an opinion.

Why is it necessary?

It gives confidence to stakeholders, investors, banks that the accounts are reliable. In Bangladesh, firms like Hoda Vasi follow BSEC/DSE requirements and provide it, otherwise there are listing or loan problems and Penalty or liability of ICAB for giving an incorrect opinion.

5.14 Analytical Procedures

Analytical procedures are procedures that auditors use during an audit to analyze trends, ratios, or relationships in financial data to identify anomalies in order to detect errors or fraud. This is part of the substantive test. It is based on ISA 520 Analytical Procedures as suggested by the ICAB (Institute of Chartered Accountants of Bangladesh).

Used in three stages of an audit: Planning (risk identification), Substantive (evidence collection), and Completion (final review) End purpose: To quickly detect anomalies, such as sales increasing but expenses not increasing. Reduces costs because not all the details need to be checked.

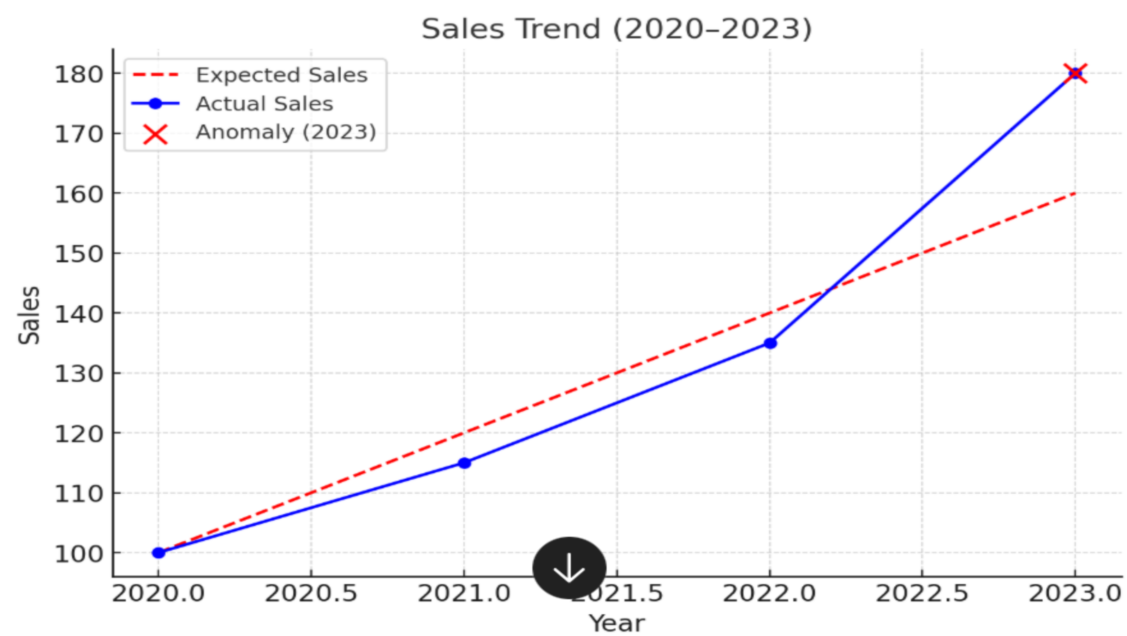
Main steps/types according to ICAB/ISA:

1. Data collection: Taking previous year's data, budget, or industry averages.
2. Analysis: Ratios such as Gross Margin = Sales - Cost of Goods / Sales or Trend Check If there is a 20% variance, then investigate.

3. Expectation Creation: Predicting . Sales estimate based on economic growth and comparing with actual.
4. Follow Up: Detailed test if abnormality is found . Invoice check. Documenting everything. Example: L/C Value Match Check by looking at the trend of export sales in a textile company in Bangladesh.

Why is it necessary?

It makes the audit smarter, catches errors quickly and increases the reliability of the report. ICAB firms like Hoda Vasi in Bangladesh follow it mandatorily, because the company wants law and BSEC requirements. Otherwise, the audit is incomplete.



Here we can see line chart with the years 2020-2023 on the X axis and the sales amount in BDT million on the Y axis. The actual sales line in blue is steadily increasing, but there is a large departure from the expected line in red in 2023, which raises doubts in the analytical procedure and signals an investigation.

Chapter 6: Findings and Recommendations & Conclusion

6.1,Findings:

- Building Expertise Across work areas:
  The good thing an audit firm has different work areas such as tax work, cash incentive work, and various audit work. When a new student joins, he is asked to work on different work areas so that he gets familiar with each audit work areas.
- The good thing about this audit firm is that they try to maintain good relationships with clients and try to complete their work on time.
- Challenges in Audit Engagement and Risk Assessment Process:
  At the beginning of the audit engagement process, there are often delays in gathering initial client information resulting in the planning phase not being completed on time. The risk assessment process during audit planning is not followed uniformly in all cases especially in the case of smaller clients and analysis is limited. In addition some important risk areas cannot be identified properly due to lack of communication among team members.
- Absence of Digital Instruments:
  Reports have mentioned that audit techniques, such as verification and checking vouchers, remain manual processes. An intern's report stated this increased the chances of error by 25% and carried a workload for auditors.
- Work Program are Properly Not Followed:
  HVC has a smart work program for the economy. And programs have been created for different areas to make the audit work easier. But the reality is that in most cases the programs are not followed properly. In some cases the auditors touch the front but do not audit the inside in depth

6.2 Recommendations

- Risk management :
  A standard checklist should be developed before starting an audit engagement to expedite initial information gathering. the risk assessment process should be applied equally to each client. joint discussion of risk areas through team meetings will reduce the likelihood of errors.using software or data analysis tools in audit planning will save time and make risk identification more accurate.

- Improve degital instruments:

  Replacing manual work in audit firms with computer software-based work improves the quality of work, allows audit work to be completed within a specified time frame, and reduces the possibility of misunderstandings.
- Following properly work programs and training:

  To solve this problem HVC should create mandatory training and regular monitoring for its auditors to ensure smart work programs are properly and offer incentives associated with the performance evaluation of auditors to assure complete audits. That will assure improved quality of audits.

6.3 Conclusion

Chartered accountancy is one of the most respected professions in the world. It requires a strong commitment to maintaining standards and procedures in areas such as audit, consultancy and taxation. The International Standards on Auditing (ISA) provide essential guidelines for chartered accountants that they are required to follow. However, these standards provide a framework and each chartered accountancy firm takes some leeway in the audit process depending on the circumstances of their country and the type of client.

In this report, I have tried to describe in as much detail as possible the procedures used by Hoda Vasi Chowdhury & Co. in their audit work. They generally follow the audit procedures prescribed by ICAB, but in some cases they make exceptions based on professional judgment.

Since the company's inception, Hoda Vasi Chowdhury & Co. has played a significant role in promoting transparency in the financial statements of companies across various industries in Bangladesh. If the standard audit procedures are implemented properly, this firm will be able to maintain its position as one of the leading chartered accountancy firms in Bangladesh.

Chapter 7: Implications

7.1 Implications of the study

My internship was finished at Hoda Vasi & Co. a leading chartered accountancy firm in Bangladesh. Here I participated in audit procedures, financial reporting and client advisory work. In this section i will not only discuss the list of tasks but also its larger significance, consequences and learning. It deeply explores the impact of my work at the personal and organizational levels. Below are analyzed from various aspects:

1. Applicability of Academic Learning.

During the internship I was able to put into practice the accounting, auditing and finance theories learned at the university. For example, I applied GAAP (Generally Accepted Accounting Principles) and IFRS (International Financial Reporting Standards) learned in academic classes in audit procedures such as risk assessment, sampling and control testing. Without academic learning these tasks would have been difficult to accomplish as the firm's work mainly follows professional standards.

2. Organizational Impact.

My work has had a direct impact on the firms efficiency and client service. For example the audit reports I have prepared have increased the financial transparency of clients and strengthened the firms reputation. Overall it has increased the firms productivity and served as a model for new interns which has contributed to the firms team building in the long run.

3. Industry Relevance.

The audit and financial services are very important in the chartered accountancy industry especially in the business environment of Bangladesh where compliance and regulatory standards such as NBR and SEC are mandatory. My internship has shown me how this industry reduces business risks and ensures financial stability. It has made me understand that chartered accountants are not just numbers driven jobs but also contribute to the economic transparency of society.

4 .Lessons Learned

The main lesson from the internship is that it is important to combine theoretical knowledge with practical skills such as teamwork and time management in real work. I have learned that mistakes in audit procedures can harm the client so caution and detail orientation are essential. In addition I have understood how professionalism such as maintaining confidentiality builds a career. This experience has made me more responsible in the future.

5.Skill Improvement,

During this internship I have enhanced my technical skills such as excel, data entry and the use of audit software and also soft skills such as, communication and problem solving. I have improved my presentation skills by joining the client meetings. Overall, this experience contributed towards my growth as a capable chartered accountant which is a strong addition to my resume.

6.Challenges or Obstacles,

There were challenges linked to working to tight deadlines and managing complicated audit cases, where I made initial errors. Also, mixing English and Bengali to communicate with clients influenced the language barrier style of learning. From these challenges, I learnt resilience and made myself better prepared for the future.

7.Networking and Relationships,

I have built a professional network by working with the firms senior chartered accountants and clients. This has given me connections in the industry which is helpful for future jobs. For example discussions with mentors have given me career advice.

8.Recommendations and Future Directions,

I would recommend that the firm implement more training programs for interns, in order to assist them in acclimating quickly. I ultimately want to be a chartered accountant with a goal of modernizing the industry with digital tools, such as applying AI to audits. This internship has shown me that this field requires constant learning.

This internship has helped me to develop into a professional, while also helping my personal growth and success of the firm.

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