

Internship Report
On

**Audit Procedures of a Chartered Accountant
Firm: A Study on Musih Muhith Haque & Co.**



Supervised By:

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Host Organization:

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Date of Submission: 26 November 2018

Letter of Transmittal

Date: 26 November 2018

To

Sayed Farrukh Ahmed

Assistant Professor

Department of Business Administration

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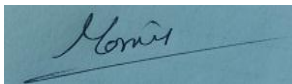
Subject: Submission of Internship Report.

Respected Sir,

It's my great pleasure to submit the internship report on "Audit Procedure of a Chartered Accountant Firm: A Study on Masih Muhith Haque & Co". I made sincere efforts to study related materials, documents, observe operations performed in Masih Muhith Haque & Co. and examine relevant records for preparation of the report. I had to put in a lot of effort and hard work to the preparation of this report with the help of all the members of Masih Muhith Haque & Co.

Within the time limit, I have to prepare this report as comprehensive as possible. But there may be some error due to various limitations. For this reason, I ask for your kind consideration in this regard.

Yours Faithfully,



Monir Hossain Rabby

ID No: 132-11-3278

Program BBA, Major: Accounting

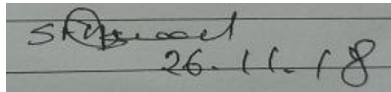
Department of Business Administration

Daffodil International University.

Letter of Acceptance

This is to certify that Monir Hossain Rabby, ID: 132-11-3278, program of BBA, Major in Accounting is a regular student of Department of Business Administration, Faculty of Business & Economics; Daffodil International University. He has successfully completed his Internship Program at Masih Muhith Haque & Co. He has prepared this report under my supervision. His assigned internship topic is an “Audit Procedure of a Chartered Accountant Firm: A Study on Masih Muhith Haque & Co”

He is very active, sincere, hardworking and meticulous and possesses a good moral character. I wish her all success at every step of her life.

A rectangular box containing a handwritten signature in black ink that reads "Sayed Farrukh Ahmed" and the date "26.11.18" written below it.

Sayed Farrukh Ahmed

Assistant Professor

Department of Business Administration

Faculty of Business and Economics

Daffodil International University

Acknowledgement

Basically I enlarge my thoughtful thanks to the almighty. The supreme and supreme who help me achieve this work on time. I think fulfilled & happy that I have finished this study within exact duration. So this internship report might not at all have been finished without the essential practical knowledge and support of many books and articles and website also primary data. This enlarges my information on employee job satisfaction. Refinement to those entire someone who have assisted me and providing me teamwork and books also articles. So I would like to state my special thanks to my honorable supervisor Mr. Sayed Farrukh Ahmed, Assistant Professor & Head, Department of Business Administration, Daffodil International University for his encouraging motivation, variety direction, expensive suggestion & advice during my internship time & to organize this report. I was located in Masih Muhith Haque & Co. to effort as an intern for three months. All management & member of Masih Muhith Haque & Co. were especially helpful. I am deeply indebted near all officials and seniors brothers and sisters of the Masih Muhith Haque & Co. for their friendly and sincere co-operation during my organizational attachment period.

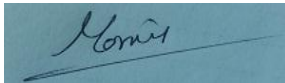
Then at last, I shall be grateful to those persons who will read this report and who shall get benefit from this report at present and in future.

Declaration

I, Md. Monir Hossain Rabby, the student of Daffodil International University, ID: 132-11-3278, would like to solemnly declare here that the presented report of Internship Titled “Audit Procedures of a Chartered Accountant Firm- a Study on Masih Muhith Haque & Co.” is uniquely prepared by me under the supervision of Mr. Sayed Farrukh Ahmed, Assistant Professor, Department of Business Administration, Faculty of Business and Economics, Daffodil International University, after completion of internship period in Masih Muhith Haque & Co. Chartered Accountants.

I confirm that, the report is only prepared for my academic requirement not for any other purposes and the internship report is submitted in the part of requirement for the completion of the Bachelor of Business Administration (BBA).

I enjoyed preparing this report, which enriched my pragmatic knowledge of the theoretical concept. I am very much glad for giving me the opportunity to prepare this report.



Monir Hossain Rabby

ID No: 132-11-3278

Program BBA, Major: Accounting

Department of Business Administration

Faculty of Business and Economics

Daffodil International University.

Executive Summary

Masih Muhith Haque & Co. Chartered Accountants is the most reputed and recognized audit quality firm and it provides audit, tax, management advisory services to the business community. Here this report is titled 'Audit Procedures of a Chartered Accountant Firm- A study on Masih Muhith Haque & Co.' is a result of BBA internship course. So this report consists the details of the audit procedures followed by Masih Muhith Haque & Co. In this report I have divided into five important chapters. In the primary chapter contains the Backgrounds of the Study. That is its origin, objective, methodology and the limitation of the study. In the chapter two, overview of Masih Muhith Haque & Co. is given where firm's strategies, services, activities are also furnished. In chapter three, I have organized and discussed all my knowledge that I have gathered about auditing during my studies at the Department of Accounting and Information Systems, Daffodil International University and practical working experience achieve from Masih Muhith Haque & Co. Moreover In chapter three, it has been focused on the details of the overall audit procedures of Masih Muhith Haque & Co.

In chapter four, I have shared about my practical experience and my views in CA firm as an intern. Finally chapter six contain the problem so as to I have recognized to carry out audit appointment in Masih Muhith Haque & Co. and a few recommendation to reduce such problem also I have drawn an overall conclusion.

In the findings I have found less timing of the audit procedure. In this firm I was involved with audit engagement. My experience was three months but I have identified some problems that firm face in many cases. One of the big problems is rotation from one audit engagement to another very quickly. And they have few times to complete an audit engagement. For that reason it is difficult to obtaining required audit evidence.

In the recommendation, it's explained that all transaction test is not possible for that reason an auditor choice some transaction for the accurate test. If test is successful then auditor gives their opinion. For the short time audit procedure student fail to follow the overall audit procedure that is followed by Masih Muhith Haque & Co.

Abbreviation

| | |
|-------|--|
| APM | Audit Practice Manual |
| CA | Chartered Accountants |
| BTMC | Bangladesh Textiles Mills Corporation |
| MNC | Multi-National Company |
| BBA | Bachelor of Business Administration |
| FCA | Fellow of Chartered Accountants |
| GAAP | Generally Accepted Accounting Principles |
| AICPA | American Institute of Certified Public Accountants |
| ICAB | Institute of Chartered Accountants of Bangladesh |
| BSA | Bangladesh Standards on Auditing |
| ISA | International Standards on Auditing |
| GRA | General Risk Assessment |
| SRA | Specific Risk Analysis |
| NGO | Non-Government Organization |
| LAN | Local Area Network |
| FCA | Financial Conduct Authority |
| EPZ | Export Processing Zone |
| WB | World Bank |
| BB | Bangladesh Bank |
| BEDP | Bangladesh Export Diversification Project |
| USAID | United States agency for International Development |
| SIBL | Social Islami Bank Limited |
| BD | Bangladesh |
| IFRS | International Financial Reporting Standard |
| ADB | Asian Development Bank |

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Chapter One

Introduction

1.1 Introduction:

We know internship is a basic part of BBA (Bachelor of Business Administration) program that provides an on-the-job experience to students. Sensational academic knowledge & sensible training is not the same theme. Humorous academic knowledge is fulfilled when it can be used in a practical field. So ambition of placement is to apply one is academic knowledge in practical fields. So Internship is a realistic application of knowledge & acquiring practical experience by wining oneself in several and different sectors of work. For that reason internship program is also include in the curriculum of BBA in Daffodil International University which is undertaken in several organization of the country.

I have also completed my internship program at the Masih Muhith Haque & Co. Auditing system occupies an important place in a nation's economy because of its intermediary role; it ensures that companies annual financial statements are fairly presented and at the same time its provide high quality, reliable information in the market and reduces the risk of management bias fraud and error. An audit firm is indispensable in a modern society. It plays a pivotal role in the economic development of a country and establishes policies and procedures to ensure that the firm and all those involved in the audit, act with integrity, objectivity and independence.

1.2 Origin of the Study:

Internship is a mandatory part of BBA program. The most important things that, the university authority has included a three months internship program in the course curriculum after the effective completion of the program where student need to work in any bank, financial institution, small business or any other public or private company related with his selective course work. To comply with this requirement, I have joined in Masih Muhith Haque & Co. as an intern student where I had so much opportunity to acquire the practical knowledge on overall procedures of auditing. Gaining a practical knowledge and experience of audit work that is performed in corporations, companies and non-profit organizations.

From the practical knowledge as well as working experience gained from the firm, I have selected my reporting topic "Audit Procedures of a Chartered Accountant Firm- a Study on Masih Muhith Haque & Co.". The topic was selected with able guidance of the respective supervisor. The authority of Masih Muhith Haque & Co. gave me the opportunity to work at the three months on

the topic. My internship honorable supervisor Sayed Farrukh Ahmed, Assistant Professor, Department of Business Administration of Business & Economics, Daffodil International University approved the topic and authorized me to prepare this report as part of the fulfillment of internship requirement.

1.3 Significances of the Study:

Every Internship report is an essential partial requirement of BBA program. Because of the knowledge & learning become great when it's linked both academic and practical knowledge. By internship program student can create contacts & networking. Contact helps to get a good job in our practical life. Every student prepares themselves for the job market. Low country like Bangladesh has an overwhelming number of unemployed educated graduates. As they have no internship experience, so they have not been able to acquire normal professional experience of establish networking systems.

1.4 Objectives of the study:

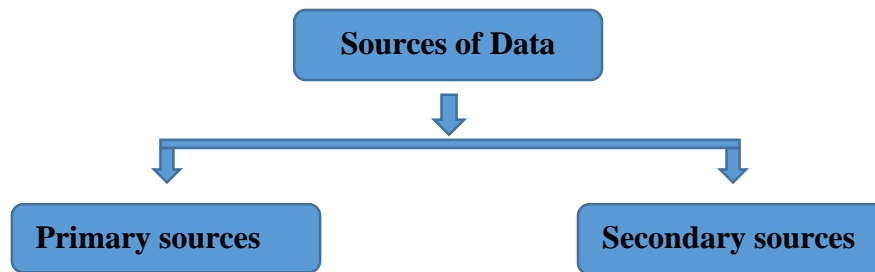
The objectives regarding the study are as follows:

- To investigate the audit procedures followed by Masih Muhith Haque & Co.
- To understand the implementations of audit procedures by Masih Muhith Haque & Co.
- To analyze the effectiveness of audit procedures of Masih Muhith Haque & Co.
- To provide recommendations based on the findings.

1.5 Methodology of the Study:

I have prepared this report on the basis of my experience gathered and from the assistance of our seniors as well as respected sir. I have disclosed my experience and finding in the analysis part by using different charts and tables. The methodology of the study mainly supplies the statistical methodology in collecting data and necessary analysis on different applicable laws and act. The details of the study are described below:

Sources of Data: The data & information of this report have been collected from both the primary and secondary sources. In order to prepare this report I have been collected necessary information from two types of sources as follows:



Primary Sources:

- Collecting primary data by working with several audit teams.
- Discussing with all manager, staff, and partners also articulated students.
- Circulars published by Bangladesh Bank.
- Consideration in objective factory visit.

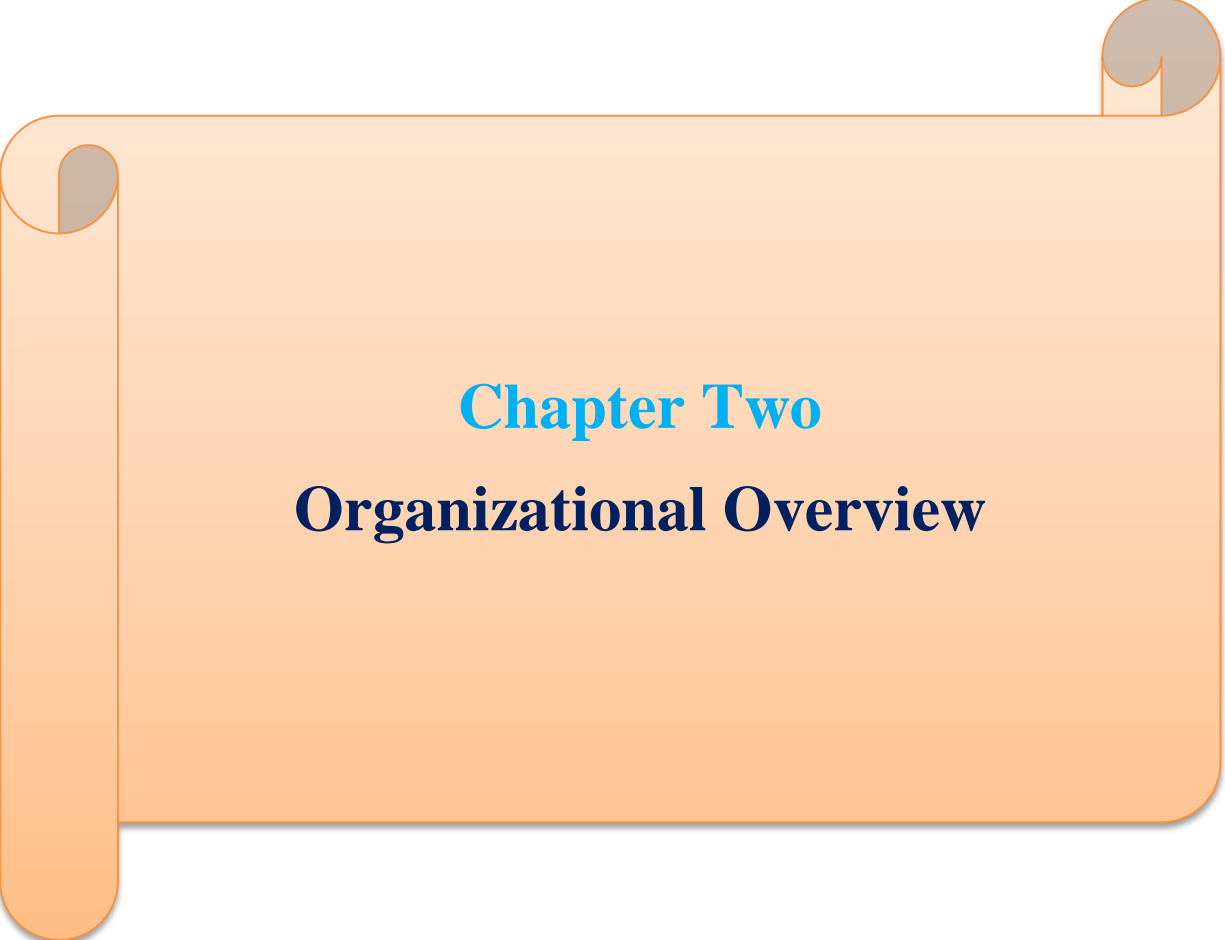
Secondary Sources:

- Studied various accounting books and journal.
- Studied Bangladesh Standard on Auditing.

1.6 Limitations of the Study:

There are three limitations as follows:

- Fitting time was insufficient to cover all data information.
- Each one organization has their own secrecy that is not revealed to others. During collecting the data they did not disclose much information for asked of confidentiality of the organization.
- Besides I have failed to observe application of related laws procedures followed during audit function.



Chapter Two

Organizational Overview

2.1 Masih Muhith Haque & Co. Profile:

Masih Muhith Haque & Co. Chartered Accountants is the most reputed and recognized audit quality firm and it provides audit, tax, management advisory services to the business community. By virtue of its professionalism it is known as one of the best audit firm of Bangladesh.

| | |
|----------------------|--|
| Name of Audit Firm | Masih Muhith Haque & Co. |
| Established | 1985 |
| Office Address | Main Office Level 13, UTC Building 8 Panthopoth Dhaka-1215 Bangladesh Phone: +88-02-9144357 |
| Branch offices | 1. Extension Office Level-6, H.B Tower Phanthopoth Dhaka-1215 Bangladesh Phone:+88-02-9130675 2. Sylhet Office Protapgor Niloy Mahmudabad, Amborkhana Sylhet-3100 Bangladesh Phone:+88-0821-2833565 |
| Name of the Partners | <ul style="list-style-type: none">▪ Masih Malik Chowdhury, FCA▪ SM Atiar Rahman, FCA▪ Syed Mahmud Ahmad, FCA▪ Mohammed Forkan Uddin, FCA |
| Staff Member | Audit Manager- 24 Office Manager- 04 |

| | |
|--|--|
| | <p>Course Complete Student-21</p> <p>Article student- 125</p> <p>Articled in Probation- 20</p> <p>Audit Staff – 06</p> <p>Office Staff -05</p> |
|--|--|

2.2 History of Masih Muhith Haque & Co:



Masih Muhith Haque & Co. is representing Deloitte Touché Tohmatsu in Bangladesh as independent correspondent firm since 1998. Deloitte, a global leader in Accounting and Auditing, Management Consulting and in Tax service and one of the “Big Four” in the world. In 1998, regional inspector general/ Singapore

accorded approval to Masih Muhith Haque & Co. as eligible auditors to perform USAID project audits in Bangladesh. As an innovative and highly professional certified public accounting and consultancy firm, Masih Muhith Haque & Co. serves as a value advisor over 500 clients by providing guidance on important operational and individual matters.

Masih Muhith Haque & Co. is uniquely positioned to impart quality, cost-effectiveness and practical advice to clients which includes MNCs, NGOs, Private Enterprises, government organizations, development partners, educational institutions etc. Masih Muhith Haque & Co. has successfully evolved its management consulting service due to the need of their clients. Masih Muhith Haque & Co. has over 150 skill mix professionals and 30 non – professionals who are under the direct supervision of the partners.

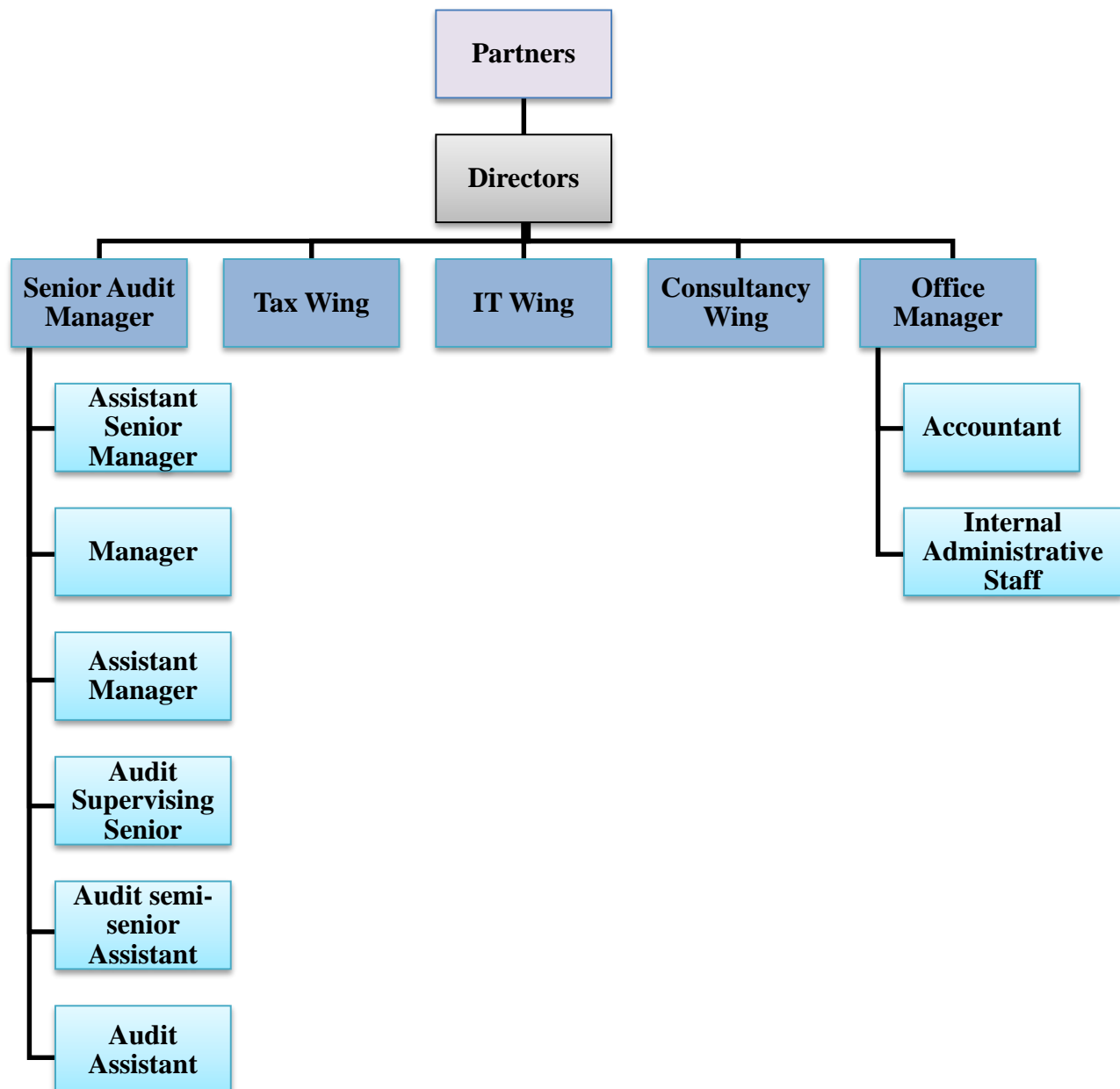
2.3 Corporate Vision of Masih Muhith Haque & Co:

Vision of Masih Muhith Haque & Co. is “To have standard of excellence through highly respected broad community of stakeholders and client”.

2.4 Corporate Mission of Masih Muhith Haque & Co:

Mission of Masih Muhith Haque & Co. is- To deliver measurable value to our clients through diversified professionals who bring unmatched depth and width of expertise.

2.5 Operation Chart of Masih Muhith Haque & Co.



2.6 Core Value of Masih Muhith Haque & Co.:

The firm's values and commitment to clients are expressed through its professional and quality service. These core values represent what we believe and how we run our business. In our every effort - we always upheld:

- Quality is an obligation.
- Building competence and confidence for overall success of the firm.
- Teamwork is an integral part of how we care clients' expectations.
- Trust, respect and integrity are the approach with everyone.
- Learning through experience to build the sustainable growth.

2.7 Strength of Masih Muhith Haque & Co.:

Organizational Strengths are as follows:

- ❖ The partners have wide experience of several years in accounting and consulting profession.
- ❖ Staff retention is high with low turnover.
- ❖ Professional commitment & integrity with code of ethics.
- ❖ Advisory linkage with Deloitte Touché Tohmatsu.
- ❖ More than 150 skills mix professionals of different disciplines.
- ❖ Operating from three locations with full-fledged infrastructure.

Operational Strengths are as follows:

- ❖ Understanding client's needs and requirements.
- ❖ Direct supervision by the partners.
- ❖ Customized approach to each assignments.
- ❖ Complete understanding of national, regional, international and professional requirements.
- ❖ Apply international standard.
- ❖ Regular training and programs on continuous professional development.

2.8 Core Competence of Masih Muhith Haque & Co:

As an organization, Masih Muhith Haque & Co. takes pride in maintaining integrity and providing value for money services to its clients. A strong professional linkage with clients is the key to its success and sustainability. The Masih Muhith Haque & Co. team consists of professionals of outstanding academic backgrounds with diverse experience gained with international & local exposure. Glimpse of the strength of Masih Muhith Haque & Co:

- ❖ Exhaustive knowledge of corporate governance with social audit skill
- ❖ IT support with LAN
- ❖ Professional commitment
- ❖ More than 150 professionals drawn from different disciplines

Masih Muhith Haque & Co. maintains operational efficiency by empowering its employees and encouraging cross functional collaboration, progressive management practice, continuous process improvement & diversity in the workplace.

2.9 Masih Muhith Haque & Co. Partners and their Specialized Area:

| Partners | Sector Experience | Specialization |
|-----------------------------------|---|---|
| Masih Malik Chowdhury, FCA | Power, energy & petroleum, Bank & financial institution, Airlines & shipping, Trading service & warehousing, Telecommunication, Hospitals, Educations, Textile & Apparels, Hotel, Foreign Direct Investment | consulting, capacity building & training, midterm review & assessment, compliance & task audit, forensic audit, special investigation, MNC's audit, immigration services, foreign direct investment, surveys & business setup |
| SM Atiar Rahman, FCA | Bank & financial Institution, Airlines & shipping, Trading service, Pharmaceuticals, Hotels & resorts | audit & assurance, tax, valuation, & corporate services, financial |

| | | |
|-----------------------------------|--|--|
| | | institutions, restructuring, feasibility study |
| Syed Mahmud Ahmad, FCA | Petroleum & refinery, Cement & steel, Consumer products, Airlines & shipping, Trading services, Pharmaceuticals | audit & assurance, tax, vat, due diligence, valuation service, business advisory, special assignments, surveys |
| Mohammed Forkan Uddin, FCA | Govt. Development Program, Foreign Aided Project/NGOs, Foreign Direct Investment, Rental Power, Airline & Shipping, Hotels & Resorts, EPZ-RMG Industries | Setup tax, vat, corporate laws, business advisory services & due diligence |

2.10 Service of Masih Muhith Haque & Co:

Chartered Accountant firm provides various type of service to different types of clients which includes government bodies, donor agencies operating in Bangladesh, MNCs , private business enterprise. The services provided by the CA firm are as follows:

| | |
|-------------------|---|
| Audit & Assurance | Statutory Audit/ Annual Audit Special Purpose Audit Negative Assurance Interim Review Internal Audit Operational Audit Corporate Governance |
|-------------------|---|

| | |
|------------------------------|--|
| Management Consultancy | Project Review Donor Funded Project Management Forensic investigation Management Evaluation Service Training & Capacity Building Evaluation & Monitoring Policy & Procedure Design |
| Beyond Balance Sheet Audit | Customer Satisfaction Audit Share Management Audit Share Logistic Audit Productivity Audit Environmental Audit |
| Fiscal and Taxation | Corporate Tax Value Added Tax Other Indirect Tax Individual Tax Tax Planning & Tax Compliance Tax Due Diligence Fiscal Compliance Audit |
| Business Process Outsourcing | Payroll Management Book-keeping & Accounting Provident Fund Accounting Statutory return preparation & filing |

2.11 Role of Personnel:

- ❖ **Partners:** The role of partners is to attract new clients for providing service and sometimes clients also approach to the firm themselves. The partners must make sure that the existing clients are provided the best service.
- ❖ **Audit Managers:** Audit managers must be Chartered Accountant who can assist partners in different way. He/ she should review the audit report before signing the audit report.

- ❖ **Supervisors:** It is not necessary for the supervisors to a chartered accountant. He can also be a course complete student having some experience at the field of accountancy. He is being supervised by the audit manager when and where an audit activity is performed and how it is to be performed.
- ❖ **Senior Student:** An audit senior has some experience in the accountancy field before he/she is designated as the audit senior of the firm. He is under the direct supervision of audit manager and supervisor.
- ❖ **Semi- Senior Student:** A semi-senior student must complete 1 year of article ship in the firm. He is liable to the senior student of the firm when he doing any fieldwork.
- ❖ **Junior Student:** Junior- Students are fresher who have joined the audit firm.

2.12 Important Assignment of Masih Muhith Haque & Co:

| Major Assignments of Masih Muhith Haque & Co. |
|--|
| Ministry of Health & Family Welfare-GOB / DFID, UK- internal Audit of Health Nutrition & Population Sector Program (HNPSP) |
| Partners in Population & Development (PPD)-Review & Development of Slandered Operating Procedures Manuals. |
| NTT DOCOMO. Inc. (DCM) /Aktel- Tax Due Diligence services of Aktel, UNICEF Bangladesh- Training an Harmonized Approach to cash Transfer (HACT) |
| Global Fund / Ministry of Health & Family Planning & BRAC Bangladesh- Principal Fund Recipients Assessment |
| Saudi Bangla Industrial Company (SABINCO)- Evaluation of Financed Projects, Financial Portfolio, Financial & Management Audit |
| Departments of Cooperatives- Simplification & Modernization of Cooperative Audit & Accounting System & Acceleration of Liquidation Process |
| European Commission- External Assessment of ‘Income & Food Security for Ultra Poor (OFSUP) Project’ |
| Save the Children, USA/ EC- Appraisal of internal control & complaisance on “SHIKHON” project |

| |
|--|
| World Bank/ Local Government Support Project of Ministry of LG & RD- Peer review of 1129 union perished |
| Grameen Phone Limited- Physical Verification of Network Assets |
| USAID- NGO Service Delivery Programmed |
| DFID, UK/ Manusher Jonno Foundation (MJF) |
| South Asia Enterprise Development Facilities (SAED) / IFC- Establishing new accounting system |
| Ministry of Commerce / IDA- Services to Bangladesh Export Diversification Project (BDXDP) |
| Winrock international- Review of financial aspects & task audits Orascom Telecom Bangladesh Limited, (Banglalink) |

2.13 Masih Muhith Haque & Co. Client:

| | |
|---|--|
| Bank & Financial Institution | Bangladesh Bank, HSBC, Dutch Bangla Bank, Grameen Bank, Dhaka Bank & so on |
| Manufacturing | Unilever, Lafarge, Berger Paints, National Tea company, Fisons(Aventis) etc. |
| Power, Oil & Petroleum | Petrobangla, Padma Petroleum, Titas Gas, Jamuna Oil,Eastern Refinery |
| Academic Institution | East West University, United International University, Asia Pacific, University Independent University & so on |
| Airlines & Shipping | Bangladesh Biman, Thai Airway, British Airway, Emirates |
| Hotel & leisure | Dhaka Sheraton, Pan-Pacific |
| Trading House & Service | Sonargoan, Gulshan Club |
| Telecom Sector | Nokia, TECL, BTRC, BTCL, Teletalk |

| | |
|---|---|
| Government, UN Agencies, Development Partners & International NGOs | Ministry of health & family welfare, Ministry of local government, Ministry of commerce, Global fund, World Bank, USAID, ADB & so on. |
|---|---|



Chapter Three

Audit Procedures followed by Masih Muhith Haque & Co.

3.1 Audit Procedures followed by Masih Muhith Haque & Co:

Audit procedure of Masih Muhith Haque & Co follows Deloitte Touché Tohmatsu International. Masih Muhith Haque & Co provides most innovative, efficient and importantly responsive auditing and business consultancy services to their client's business needs.

3.1.1 Engagement Procedures: Some letters are exchanged before starting the audit work between Masih Muhith Haque & Co and client. The summary of the letters discussed shortly here under:

In the engagement procedure Masih Muhith Haque & Co faces three kinds of situation-engagement with new client, existing client and directly appointed by the client.

In case of new client: Including acceptance letter of appointment four letters are exchanged between Masih Muhith Haque & Co and Client. Both the client & Masih Muhith Haque & Co follow the following stages:

| | |
|------------------|---|
| Stage – 1 | Client requires for technical and financial proposal from Masih Muhith Haque & Co. |
| Stage – 2 | Masih Muhith Haque & Co sends the technical and financial proposal to the client. |
| Stage – 3 | Letter of Acceptance |
| Stage – 4 | Masih Muhith Haque & Co confirming to work with the client –Letter of Confirmation. |

If the clients are already exist: In this case three letters are exchanged between Masih Muhith Haque & Co and Client, such as:

| | |
|-----------------|---|
| Letter-1 | Willingness letter for re-appointment. |
| Letter-2 | Client sends appointment letter. |
| Letter-3 | Masih Muhith Haque & Co accepts this appointment. |

In case of directly appointed by the client: In this case client includes all terms & condition in its letter. Masih Muhith Haque & Co accept the appointment when all condition and term favorable to Masih Muhith Haque & Co. Then Masih Muhith Haque & Co sends a letter to the client as an auditor.

There are seven steps involved in the Deloitte Touché Tohmatsu International Audit procedures. Steps are as follows:

| | |
|--------|---|
| Step-1 | Identity Overall Goals |
| Step-2 | Gather & Evaluate Initial Information |
| Step-3 | Assess General Risks |
| Step-4 | Assess Account-Specific Risks |
| Step-5 | Develop Effective and Efficient Audit Plan/Work Program |
| Step-6 | Conduct Audit Testing |
| Step-7 | Evaluate and Communicate Audit Results |

3.1.2 Identify Firm's Overall Goals: In formulating an opinion the audit team considers these standards:

- First select error.
- Confirm which not regularity.

- Performance & competence.
- Measurement customer value.

Errors: Errors is an accidental misstatement.

- When financial statement are prepared then it's identify mistake in processing accounting information.
- Oversight or misinterpretation of facts because of incorrect accounting estimates arising from

In the time of audit following matter are considered:

- Financial statements are included all transactions and accounts.
- Every transaction & account balance is correctly recorded.
- All particular components are disclosed and properly classified financial statement.

Efficiency: An audit team is responsibility to design an audit procedure. Efficient audit involve:

- Based on the risk assessment design the combination of audit procedures which reduce the risk of hidden material misstatements.
- Every work should be assign to appropriately train.

Client Value: It is an integral part of our audits to provide enhanced value to clients. We develop our audit approach with differentiate from that of other firms. Masih Muhith Haque & Co audit team following:

- Working relationship will be good.
- Simply they understood our customer business.

3.1.3 Gather & Evaluate Initial Information: An auditor first task is to collect important information and then evaluate this information.

- Customer business easily understands.
- Internal control structure considers.
- Customer expectation identifies.

3.1.4 Easily understand the client's business: An auditor need to understand customer business before involving any audit the customer provides us several sources their business information:

- Last year Audited Report
- Board Minutes
- Internal Reports
- Last year's audit Work Papers

3.1.5 Consider internal control structure: Internal control structure helps to the auditor.

- It helps to detect errors and fraud

3.1.6 Identify client expectation: Masih Muhith Haque & Co should identify the client's expectation as external auditor.

❖ **Account-Specific Risk Analysis:** Data is obtained by General Risk Assessment which is called Specific Risk Analysis.

3.1.7 Develop Audit Plan

- Ensuring that ethical requirements continue to be met
- Ensuring the terms of the engagement are understood
- Establishing the overall audit strategy

3.1.8 Audit Risks: In The risk that the auditors give an inappropriate opinion on the financial statements. We consider following points:

- The nature of substantive procedures
- The timing of substantive procedures and
- The extent of substantive procedures.

Illustration of the Interrelationship of the Components of Audit Risk

| | | Auditor's assessment of control risk is | | |
|---------------------------------------|--------|---|--------|---------|
| | | High | Medium | Low |
| Auditor's assessment of inherent risk | High | Lowest | Lower | Medium |
| | Medium | Lower | Medium | Higher |
| | Low | Medium | Higher | Highest |

The

Above table show how the acceptable level of detection risk may vary based on assessments of inherent and control risks.

Documentation: If during the performance of the audit, fraud risk factors are identified that cause the auditor to believe that additional audit procedures are necessary, the auditor should document the presence of such risk factors and the auditor's response to them.

❖ **Development of Effective and Efficient Audit Plan/ Work Program:** Audit plan is a list of procedures that are needed to be performed to conduct the audit. The plan may also contain the audit objectives for each area and should have sufficient detail to serve as a set of instructions to the assistants involved in the audit. In Masih Muhith Haque & Co, we use audit plan for different types of account head. Audit plans were developed for different types of business and for different types of account heads. Usually an audit plan contains:

- Understand of entity
- Objectives of Audit
- Substantive audit actions.

❖ **Evaluate and Communicate Audit Results:** At the last stage of audit, the audit team communicates the result of the audit to the management and the stakeholders of the company.

The audit team issues two types of reports:

- External Report which is commonly known as the "Auditor's report"
- Internal Report which is known as "Management Letter".

We therefore have three areas to deal with:

- The unqualified audit report
- Qualifications in audit reports
- The management letter (also known as letter of weakness or letter of comment).

Modified Reports: In addition to unqualified or qualified, we sometimes provide modified audit report. An auditor's report is considered to be modified in the following situations:

Matters that do affect the auditor's opinion

- The emphasis of matter

Matters that do affect the auditor's opinion

- First qualified opinion
- Second disclaimer of opinion
- Last adverse opinion

Matters That Do Not Affect the Auditor's Opinion

An auditor's report may be modified by adding an emphasis of matter in certain circumstances:

- One is a material matter regarding a going concern problem
- Second is a significant uncertainty (other than a going concern problem)

Matters That Do Affect the Auditor's Opinion (Qualifications in audit reports)

A qualification of opinion will generally fall into one of two categories:

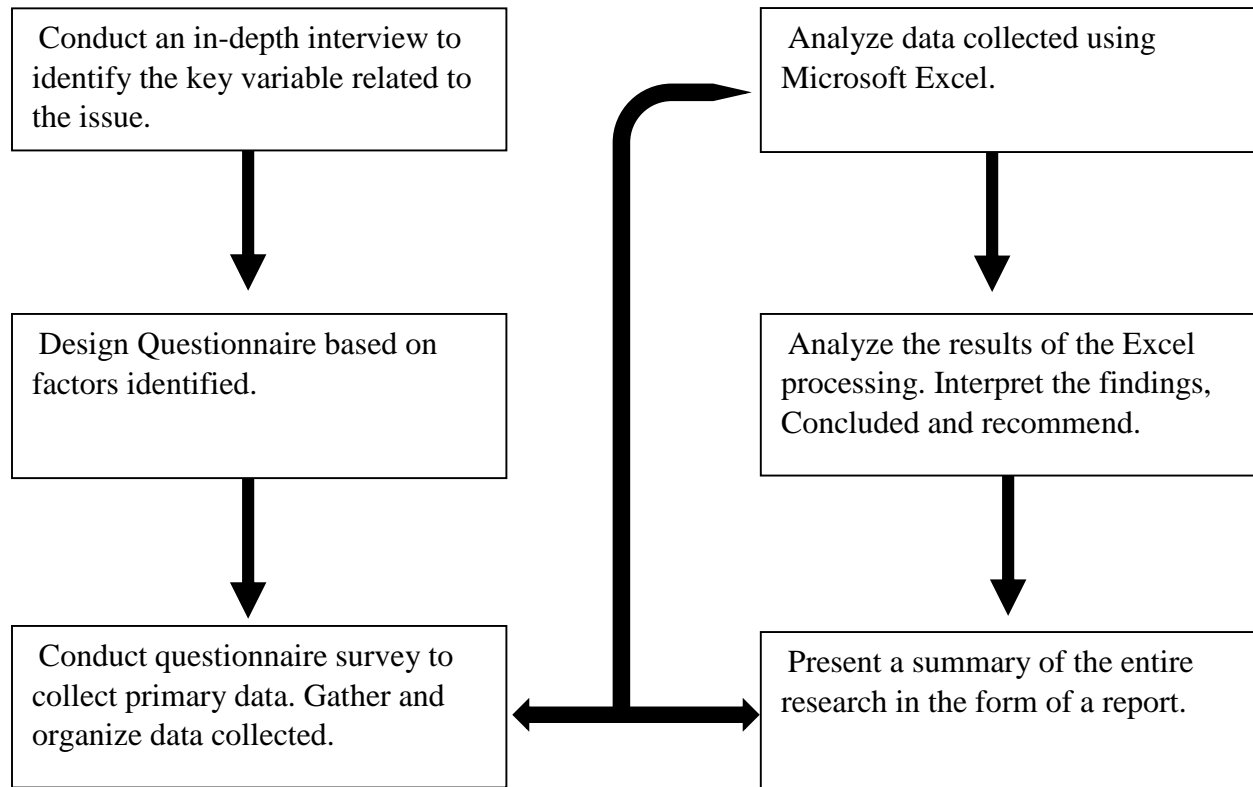
- Where there is an uncertainty which prevents the auditor from forming an opinion on a matter (uncertainty) or
- Where the auditor is able to form an opinion on a matter but this conflicts with the view given by the financial statements (disagreement)

3.2 Analysis of the Effectiveness of Audit Procedures of Masih Muhith Haque & Co

Data collection is a primary questionnaire surveys. The Purpose of questionnaire survey are given below:

- ↳ To find out whether Masih Muhith Haque & Co performs sufficiently regarding each factors according to the respondents. Respondents were directly asked whether they think the performance of Masih Muhith Haque & Co is enough or not.
- ↳ Finally, an open related question was asked to find out the overall opinion of respondents about the audit program of Masih Muhith Haque & Co.

3.3 Analysis Procedure:



The analysis procedures followed a framework is as shown in the above diagram. This was appropriate to the scenario in question which was regarding the evaluation of the audit procedures of Masih Muhith Haque & Co.

3.4 Coding Data: Most of the questions in the questionnaire required respondents to provide nominal answers. Most of the questions were MCQ. So, all MCQ type of questions is assigned a numerical value from 1, 2, 3 etc. The open ended question was not coded as there were many comments about the audit program of Masih Muhith Haque & Co.

3.5 Data Summarization: One of the major purposes of the survey is to analyze how the effective audit procedure of Masih Muhith Haque & Co is for the customer companies. Analyzing this accurately it's always better to use different methods and tools. Some methods given below:

Summary: At the present the majority of the respondents think that excellence of auditors is the main driving factors in determining audit procedure. According to major of them the quality of auditors of Masih Muhith Haque & Co is better than other chartered accountancy firm and auditors are qualified enough to conduct the audit procedure. In addition Masih Muhith Haque & Co had positive rating in almost all other factors.

Therefore, in summary it can be said that, the audit procedure of Masih Muhith Haque & Co is statistically proved to be effective for the client companies.



Chapter Four

Practical Experience as an Intern

4.1 Internship Position & Duties:

An internship is work related learning experience for individuals who wish to develop hands on work experience in certain occupation field. An internship is position which always a student to gain professional experience in an occupational area which they are considering. An internship is supervising pre- professional learning experience in which students apply their skills knowledge in professional settings. It provides students with a full and realistic view of workplace, culture and experience.

Internship Position: As an intern I was worked in Masih Muhith Haque & Co, with the senior article students to do in cash incentive audit of three months. My internship position was as like as an auditor.

Internship Duties: I have joined in team work (7members), they deal with the Southeast Bank Limited's (SEBL) clients for the purpose of cash incentive audit. And Southeast Bank Limited is one of the clients of Masih Muhith Haque & Co. So, normally I have also audited SEBL clients. Masih Muhith Haque & Co is working as an auditor which is assigned by Bangladesh Bank for Cash Incentive Audit of Bank clients.

As an intern, my responsibilities were following:

- Receive file forwarding from Bank
- Preparation of the Working File
- Checklist
- Review of the Working File
- Calculate Cash Incentive Claim and Cross Checking of the Working File
- Partner's Review and Signature
- Input data
- Prepare Land script and Certificate draft

4.2 My Practical Experiences as an Intern on the following tasks

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

- Making Checklist
- Use the Xerox machine to help them.
- Prepare Queries and send it to the SEBL
- Handle the client
- Input data
- Calculate Cash Incentive Claim and Cross Checking of the Working File

Besides the above responsibility I have also done the task of verifying of such Important Documents:

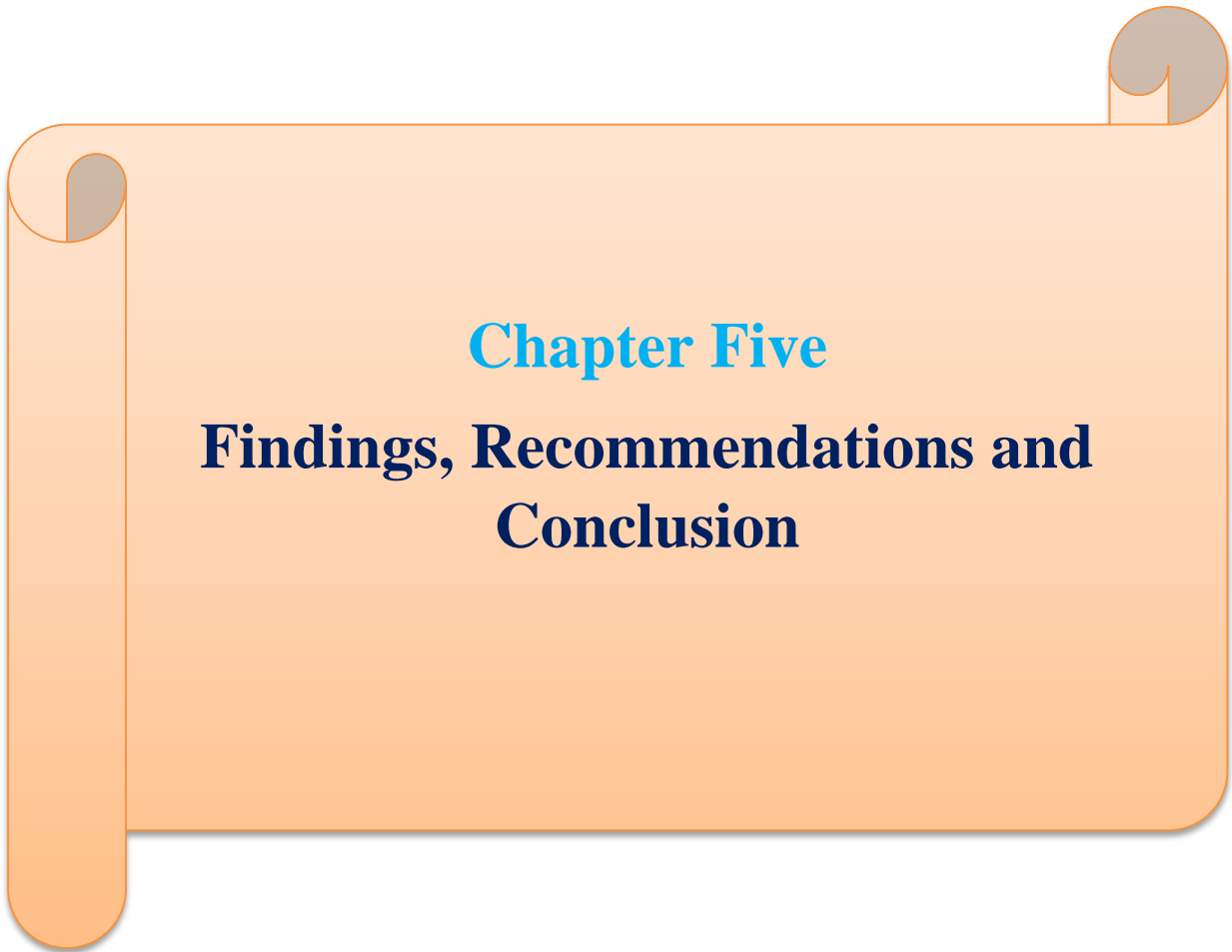
- Application
- Master L/C or Contract
- Back to Back L/C
- BTMA Certificate
- Proceeds Realization Certificate (Original Copy)
- Export invoice / Commercial Invoice/ Packing list
- Bill of lading (B/L)
- Bill of Export
- EXP Form etc.

Companies, which cash incentive file I have audited:

- KEYA knit Composite Textiles Mills Ltd.
- Designtex Sweaters Ltd.
- Kaizer Knitwear Ltd.
- Ripon Knitwear Ltd.
- Supreme Stich Ltd.
- Shrabony Knit Wear Ltd.
- Choity Knit Composite Ltd.etc

4.3 My Observations:

- Meaning and understanding the responsibilities
- Necessity of Commitment
- Accumulated valuable work related skills
- Gained and understanding and become comfortable with professional work environment expectation and social norms



Chapter Five
Findings, Recommendations and
Conclusion

5.1 Findings:

- One of the major short-comings of audit procedure is the time limit. Sometimes, clients communicate with the audit firm at the eleventh hour and that creates pressure for the firm to complete the audit procedure and to prepare audit report properly.
- In some cases, juniors are rotated from one audit engagement to another very quickly. One student, involving in one audit engagement, may be called on any time to join in another audit engagement.
- Few times have been given to complete an audit task.
- Sometimes, it is difficult to obtain required audit evidence.
- According to the auditing standard, auditors must maintain independence in issuing the audit opinion and audit report. But sometimes, client tries to influence the issuance of audit opinion.
- Sometimes, partners try to avoid the issuance of a qualified audit opinion to maintain a longer relationship with the client and enforce to issue a modified but unqualified audit report with a paragraph that point out the matters to be emphasized.

5.2 Recommendations:

- In BSA-All transaction test is not possible, so auditor identifies some transaction for the appropriate test and they gives their opinion on the basis of such transaction. Due to client negligence sometimes they do not provide us the document in due time.
- Because of quick rotation from one audit engagement to another, it is not possible for students to involve with the audit engagement from the beginning to the end. Students fail to follow the overall audit procedures followed by Mushi Muhith Haque & Co. Supervisor of an audit engagement should try to include unoccupied students in his audit team.
- For time limitation we finish the audit engagement and provide audit report very quickly. That reason quality of audit work not possible.
- Auditors and also audit firm have to face difficulties if fail to issue an appropriate and adequate audit opinion. When the client faces some legal problems, then the audit firm is also considered as responsible for it. Auditors must avoid the influence of the client and must ensure independence in mental attitude while issuing an audit opinion. Partners of our firm must be strict in issuing an appropriate audit opinion and audit report.

5.3 Conclusion:

Internship is a bridge between theoretical knowledge and practical knowledge. In review this internship has been an excellent and rewarding experience. I have been able to meet and network with so many people that I am sure will be able to help me with opportunities in the future. As an internee of Masih Muhith Haque & Co, I have truly enjoyed my internship. I am confident that this three months internship at Masih Muhith Haque & Co will definitely help me to realize my career in the job market. According to my knowledge Masih Muhith Haque & Co has the financial capability to implement the process of auditing through usage of software. If the organization uses the auditing software they will be benefitted such as reducing manpower to complete the whole audit procedure, providing the client the best possible service in quick span of time, reducing the hassle of excessive paper working file that is being documented while audit procedure. Work-stress of auditors will decrease. If this thing continues, I hope that audit procedures of Masih Muhith Haque & Co will develop even more in future.

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