

An Internship Report on

**“Auditing Procedures of Mizan Islam & Co.
Chartered Accountants”.**



Daffodil
International
University

An Internship Report on

“Auditing Procedures of Mizan Islam & Co. Chartered Accountants”.

Supervised By:

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Submitted By:

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Date of Submission : 8th December, 2019

Letter of Transmittal

Date : 8th December, 2019

To,
Ms. Umme Kulsum
Lecturer
Daffodil International University
Uttara Campus, Dhaka.

Subject: Submission of Internship report on “Auditing Procedures of Mizan Islam & Co. Chartered Accountants”.

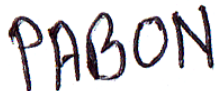
Dear Madam,

With due respect, I would like to inform you that I have completed the internship report on **“Auditing Procedures of Mizan Islam & Co. Chartered Accountants”**. It is immense pleasure for me because I have successfully completed this report by receiving your guideline as a supervisor.

I have endeavored to prepare this report from my level of best to accumulate relevant & insightful information about the MIC. It is a great experience for me to make this report. I have tried to make the report comprehensively within the schedule time & limited resource.

Within the time limit, I have tried my best to compile the pertinent information as comprehensively as possible and if you need any further information, I will be glad to assist you.

Thanking you,



(Naheyah Jahid Pabon)

ID: 161-11-987

Major: Accounting

Program: BBA

Faculty of Business and Entrepreneurship
Daffodil International University.

Acknowledgement

First of all I want to give thanks to Almighty **Allah** for giving me the opportunity to complete this report. After that I would like to express my gratitude to my honorable instructor **Umme Kulsum, Lecturer for BBA Program, Department of Business Administration, Daffodil International University**. Her advice helped me a lot to prepare this report and she never hesitate to give me valuable time while preparing the report whenever I needed.

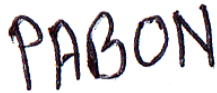
I want to give special thanks to **Mr. Mizanur Rahman FCA, FCS Managing Partner** of “**Mizan Islam & Co. Chartered Accountants.**” who gives me valuable guidance, suggestions and advices in collecting information, analyzing and preparing the report. I also warm thankful to **Mr. Shaikh Mamunur Rashid FCA Partner** of “**Mizan Islam & Co. Chartered Accountants**”. He also provides me such information regarding this report.

My special thanks to my friends for their help and support. I also like to thanks my parents for their consistent support and for giving me the opportunity to prove myself.

Declaration

I, **Naheyan Jahid Pabon**, bearing ID. 161-11-987, student of Bachelor of Business Administration (BBA) major in Accounting of **Daffodil International University** do hereby declared that the internship report of “**Auditing Procedures of Mizan Islam & Co. Chartered Accountants**” is an original work done by me for partial fulfillment of the Bachelor of Business Administration (BBA) degree, as a part of academic curriculum. It has not been submitted by me before, for any other degree, diploma, title or recognition.

Thanking you,



(**Naheyan Jahid Pabon**)

ID: 161-11-987

Major: Accounting

Faculty of Business and Entrepreneurship


Daffodil International University.

Letter of Acceptance

I am pleased to certify that the Internship Report on “**Auditing Procedures of Mizan Islam & Co. Chartered Accountants**”. This report is conducted by **Naheyah Jahid Pabon** is bearing **ID No.161-11-987** student of the Faculty of Business and Entrepreneurship has been approved for presentation and defense/Viva-Voce under my supervision. I **Naheyah Jahid Pabon** worked with the “**Mizan Islam & Co. Chartered Accountants**”. I am pleased to hereby certify that the data is findings for presented in the report are authentic work of **Naheyah Jahid Pabon**. I recommend this report is presented by his for further academic commendations and defense/viva-voce.

Naheyah Jahid Pabon bears a strong moral character and a very pleasing personality. It has indeed been a great pleasure working with him.

Thanking you,



(Ms. Umme Kulsum)

Lecturer

Faculty of Business and Entrepreneurship

Daffodil International University

Uttara Campus

Executive Summary

This report based on the internship program, partial requirement for the Bachelor of Business Administration in **Daffodil International University**. The main objective of the report is to know “**Auditing Procedures of Mizan Islam & Co. Chartered Accountants**”. It was a great practical experience for my career life. “**Mizan Islam & Co. Chartered Accountants**”. are a ranked chartered accountancy firms in Bangladesh.

Mizan Islam & Co. is one of the leading chartered accountancy services in Bangladesh. It is creating its brand image day by day by providing not only auditing but also versatile consultancy services.

Mizan Islam & Co. never compromises with its code of ethics regarding its service quality.

A Study on “**Auditing Procedures of Mizan Islam & Co. Chartered Accountants**” are the title of the report. It is designed to have a practical experience while passing through the theoretical understanding. This report consists of five parts.

After composing an introductory word of the report, the origin of the report and also objective of the study in the first chapter, overview on the firm (Mizan Islam & Co. Chartered Accountants) has been described in the second chapter of the report. In the third chapter the report proceeds about the overall auditing procedures of Mizan Islam & Co. Chartered Accountants describing in a broad range covering all the fundamental elements and procedures conducted by the firm. As the report progress in chapter four some findings have been listed down which were discovered during the internship period at Mizan Islam & Co. Chartered Accountants providing some relevant recommendations as well. In the final chapter the conclusion for this report has been drawn implying the completion of the report. Every detail that have been within above mentioned area of the report were observed, collected and recorded in this report considering all the internal and external information sources of “**Mizan Islam & Co. Chartered Accountants**”.

Mizan Islam & Co. is a CA firm which is evolving through providing quality services in term of the resources and management it is currently having. It is serving in a wide range of versatile clients of different nature. I worked as an intern there with assigned engagements in different clients with versatile courses of work responsibilities.

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CHAPTER 1

Introduction Part

1.1 Introduction

All of the chartered accountancy firms are now playing an important role in Bangladesh economy and it also create huge number of employments. In Bangladesh the chartered accountancy firms are divided by 3 types and the types are:

- 1) Large Corporate Firms
- 2) Medium Firms and
- 3) Small Practicing Firms

Large Corporate Firms are built big multistoried building and mostly located in Dhaka and Chittagong. These types of firms serve a wide range of auditing services across all over Bangladesh.

The Medium Firms are built only the residential building and serves auditing services as wide as possible in term of their relative range of expertise.

The small firms serve only in some specific area such as personal taxation services and consultancy services.

Successful auditing department makes it possible for the firm to acquire the objectives of the organization in effective and efficient manner by maintaining the auditing system properly. So, auditing department plays an important role in an organization. As a part of **Bachelor of Business Administration (BBA)** program, for this report selected supervisor is Ms. Umme Kulsum assigned to prepare a report title on “**Activities of Auditing Department of Mizan Islam & Co. Chartered Accountants**” as selected topic. This report is completed by collecting various information from the company and other related sources.

There are consecutive five parts of this report elaborating at **Mizan Islam & Co.** in a manner of information were available while working as an active intern at the firm.

Therefore, it was handful to accumulate information broadly regarding auditing procedures of the firm and some of its policies in term of performing an audit.

Despite of being a small audit firm in nature this firm serves auditing services in a very wide range which was an opportunity to learn from an evolving organization.

1.2 Rationale of the study

The main purpose of internship is to get the student exposed to the job world and this study is a partial requirement of the internship program of BBA curriculum at the **Daffodil International University**.

This report is the result of three months long internship program conducted in “**Mizan Islam & Co. Chartered Accountants**” and is prepared as a requirement for completion of the BBA program of **Daffodil International University**. As a result, it needed to submit this report based on the “**Activities of Auditing Department of Mizan Islam & Co.**” This report also includes information on the services of **Mizan Islam & Co.** Again, the overview of the organization and also services they offer to satisfy their clients.

1.3 Objectives of the Report

- The broad objective of the report is to find about auditing procedures of Chartered Accountancy firms, how it runs and what functions it does.
- To know about the servicing procedures insights of **Mizan Islam & Co.**
- To find out whether **Mizan Islam & Co.** comply with all the auditing standards and regulator’s requirements
- To provide recommendations based on the findings of the report.

1.4 Scope of the Report

There is a certain boundary to cover this report. This report is particularly only “**Procedures and Activities of Auditing Department**” of Mizan Islam & Co. It mainly focuses on auditing and consultancy activities of this firm. For this report communicate with **Mizan Islam & Co.** and was able to collect some confidential information which is not possible to disclose publicly, so those data and information had to be ignored for this report.

1.5 Methodology of the Report

Throughout the internship period at Audit performing department and earned experience on that department. By working as a member of this department, Opportunity to accumulate lot of information; to some extent had excess to see company’s profile, manuals, auditing schedules, working guidelines and so forth. It is worth to mention that, the members of the office were very informative. Moreover, studying in university course, course text book and

search engine was helpful to accumulate theoretical knowledge with practical. Some sources of methodology are as below:

▪ **Sources:**

- Audit and assurance manual
- Documented policies and profile
- Annual return of the company
- Audit practicing manuals
- Published or unpublished or personally collected data from officers.

1.6 Limitations of the Report

Any research work needs high degree of involvement regarding collection of information, creation of data base, literature review and analysis of data. While doing so, many limitations arise even though always put best effort to avoid them. Some limitations are mentioned below:

Shortage of time:

Within a short time, To work in the firm and need to prepare report for this session. For this reason, could not get a fluent time schedule for the report.

Difficulty in collecting data:

Many employees of the firm were not well known about all information that were asked them. Many of them also hesitated to answer all the questions. These factors hampered the process of information collection.

Confidential data:

Got some confidential data which is not possible to disclose publicly, so these data and information had to be ignored for this report.

In spite of all these limitations tried to put the best effort as far as possible.

CHAPTER 2

Overview of Mizan Islam & Co.

2.1. Overview of the Mizan Islam & Co. (MIC)

Mizan Islam & Co. (MIC), Chartered Accountants are a reputed chartered accountancy firm in Bangladesh. This firm was established in 1992 by **Md. Mizanur Rahman FCA.FCS, CPFA (UK)**. The span of experience of the firm is **27** years.

From the very beginning, the firm is striving to provide quality services to its clients at its different professional capacity. At present the firm is serving its clients in the fields of audit and assurance, accountancy, taxation, management consultancy, business system development, due diligence and internal auditing etc. Currently the firm has 2 partners, 2 qualified directors, 5 managers working for the achievement of professional excellence. To provide quality technical services for upholding clients satisfaction.

2.2. Ownership/legal entity of the firm

This is a partnership firm that is registered with The Institute of the Chartered Accountants of Bangladesh as required by the Bangladesh Chartered Accountants Order 1973. This firm is also under the jurisdiction of Partnership Act 1932. Partners of the firm are owner who are authorized by the Institute of Chartered Accountants of Bangladesh to carry on this business.

2.3. Firm vision

To be one of the top 10 firms in Bangladesh by 2019. Set firm entire business plan keeping around firm vision. Professionals are striving to reach firm vision at an earliest time.

2.4. Firm mission

Aspiring after the achievement firm goal leading to firm vision by providing quality services. More professionals are being included in the firm as requirement of the firm expansion.

2.5. Office Location

The firm is located at House # 10, Road # 06, Sector # 12, Uttara Model Town, Dhaka-1230, Bangladesh. This is a prime area of the capital city which is famous for nearby location of all business facility. Firm location itself also offers an easy communication benefit for the clients from any corner of the Dhaka City. Total office space is 1200 sft. which is well furnished with latest office equipment.

2.6. Professionals working team members

Average number of chartered accountants working in a CA firm of Bangladesh is 03 while they have currently 04 working chartered accountants. Team members are specialized in different professional areas required to serve firm valued clients.

Following is the list of working chartered accountants of the firm:

SL No	Name	ICAB Enrolment No.	Total Years of Experience	Position in the firm
01	Md. Mizanur Rahman FCA, FCS	592	41 Years	Managing Partner
02	Shaikh Mamunur Rashid FCA	1432	10 Years	Partner
03	Md. Enamul Hasan FCA	1544	12 Years	Partner
04	Md. Asraf Uddin FCA	1428	10 Years	Director
05	Md. Habibur Rahman ACA	1603	10 Years	Director

2.7. Serving areas of the firm

To offer in full range of services to the clients in the following areas:

- a) Audit & Assurance
- b) Taxation Advisory
- c) Business Management Consultancy
- d) Internal Auditing
- e) Secretarial issues
- f) Accounts preparation
- g) Due diligence
- h) Assets valuation

a) Audit & Assurance

To provide external audit & assurance service to firm client that is required by different statutory bodies as compulsory for firm clients.

b) Taxation & advisory

In the changing global scenario, the Government of Bangladesh is trying to be self-reliant by collection more revenue from its own sources that is leading to extension of tax net of the

country. In the situation, technical advisory service to the clients to minimize tax burden complying all applicable rules and regulation.

c) Business Management Consultancy

Present business environment is getting complicated due to multiple statutory obligations imposed upon by different authority. The entrepreneurs themselves cannot deal all such factors through their in-house capacity. Long experience to guide firm clients in the consultancy on the business management.

d) Internal Auditing

Internal auditing is the appraisal of effectiveness and efficiency of internal control and compliance system of an organization. Through firm services in the field of internal audit, help identify the risks involved in the achievement of the organizational goal.

e) Secretarial issues

All types of secretarial services to the promoter for the formation and after formation of any business to ensure smooth operation of the business entity.

f) Accounts preparation

Facilitate firm clients by providing professional staff to prepare accounts of an entity in the compliance of all applicable accounting standard and laws of the state.

g) Due diligence

Due diligence service is aimed to appraise the entire perspective of an organization for/by a particular requirement of interested parties. Carry on such service to the clients to meet their specific needs.

h) Assets Valuation

The business organizations, time to time, require for revaluation their assets. Conduct this service for the clients as they require for their internal or external purpose.

2.8. Firm serving industries

- Manufacturing
- Banking and NBFT
- Insurance
- Service oriented business
- Healthcare
- Garment and textiles
- Power sector
- Telecom
- Govt. organization
- Non govt. organization
- Educational institution
- Club and societies
- Liaison Office of Foreign Companies

2.9. Quality control policies

A set of established policies to maintain and uphold the quality of the professional services. To work in the public interest by safeguarding entrepreneurs' resources. The set of firm quality control policies includes:

- a) Use and upgrade the firm's audit practice manual;
- b) Organizing in-house training;
- c) Weekly student training;
- d) Participation in the training organized by the other institution;
- e) Holding in-house knowledge sharing sessions.

2.10. Firm Enlistment

MIZAN ISLAM & CO., Chartered Accountants is a partnership firm and has been in practice for 25 years. Enlisted with Bangladesh Bank. Other than Bangladesh Bank and NGO Affairs Bureau and Micro-credit Regulatory Authority. Also enlisted with Sector Corporations, different Government and semi-Government organizations.

2.11. Strategic alliance

Good working understanding with larger CA firms of the country for execution of any large-scale assignment. Executed a number of assignments on joint venture with other CA firms either as lead firm or as joint venture partner.

2.12. Human resource of the firm

Sl No.	Particulars	No. of person
01	Partners	03
02	Qualified Assistant/Director	02
03	Audit/Office Manager	05
04	Articled Students/ACCA Students	25
05	Apprenticed for Articled ship	05
06	Office Staffs	02
	Total	42

2.13. Processes of acquiring clients of the firm:

- Personal promotion
- E-tender
- Local procurement (Tender participation)
- Clients recommendation

2.14. Client serving individuals (Team Composition)

- Engaged partner
- Team Manager
- Senior Auditor
- Junior auditor

Firm key clients :

a) Govt. Organizations

- Bangladesh Oil, Gas, Mineral Corporation (Petro Bangla)
- Ministry of Health & Family welfare
- Titas Gas Transmission & Distribution Co. Ltd
- Bangladesh Mukti Juddah Kallayan Trust

b) Corporation

- Bangladesh Textile Mills Corporation (BTMC)
- Bangladesh Jute Mills Corporation (BJMC)
- Bangladesh Sugar and Food Industries Corporation (BCIC)
- Bangladesh Forest Development Corporation (BFIDC)
- Bangladesh Inland Water Development Corporation (BIWTC)
- Bangladesh Steel and Engineering Corporation
- Bangladesh Agriculture Development Corporation (BADC) –Seed Funds
- Bangladesh Sugar and Food Industries Corporation-Rangpur Sugar Mills
- Bangladesh Sugar and Food Industries Corporation-Jaypurhat Sugar Mills
- Bangladesh small and cottage industries corporation (BSCIC)
- Dhaka North City Corporation

c) Power Sector

- Bangladesh Power Development Board [BPDB (Head Office)]
- Rural Electrification Board (REB)-Cox's Bazar
- Bangladesh Power Development Board (PDB)
- Rural Electrification Board (REB)-Meherpur
- Rural Electrification Board (REB)-Gaibandha
- Rural Electrification Board (REB)-Rangpur 1
- Rural Electrification Board (REB)-Dhaka 2
- Rural Electrification Board (REB)-Naogaon 1
- Dhaka Electric Supply Company (DESCO) (Project Audit)

d) Banks

- Bangladesh Krishi Bank (BKB)
- Bangladesh krishiUnnayan Bank (RAKUB)
- Rajshahi Agricultural Bank
- Rajshahi Agricultural Development Bank
- ONE Bank (Fund Audits)
- Islami Bank (Enterprise Loan)
- Bangladesh Commerce Bank (Provident Fund)

e) Insurance Companies

- Janata Insurance Ltd
- Islami Commercial Insurance Company Ltd
- Dhaka Insurance Company Ltd

f) Projects Funded by World Bank

- Union Parishad Office Under the Ministry of Local Government Department (LGD)- Rangpur
- Union Parishad Office Under the Ministry of Local Government Department (LGD)- Kurigram
- Union Parishad Office Under the Ministry of Local Government Department (LGD)- Lalmonirhat
- Union Parishad Office Under the Ministry of Local Government Department (LGD)- Nilphamary
- Union Parishad Office Under the Ministry of Local Government Department (LGD)- Habigonj and Moulvibazar
- Union Parishad Office Under the Ministry of Local Government Department (LGD)- Mymensingh and Netrokona

g) NGOs

- Blind Education and Rehabilitation Development Organization
- Center for services and Information on Disability (CSID)
- Impact Foundation Bangladesh
- Disabled Rehabilitation & Research Association (DRRA)
- Manab Mukti Sangstha (MMS)
- Development Wheel (DEV)
- Daridra Durikaran Shangstha
- Gulshanara Razzak Welfare Foundation
- Khandokhetro Samajic Unnayan Sangstha (KSDO)
- Social Development Committee (SDC)
- Diganta Foundation
- Development institute for Social and Human Affairs (DISHA)
- Ananda Samaj Unnayan Sangstha (ASUS)

CHAPTER 3

Auditing Procedures of “Mizan Islam & Co.”

3.1. Auditing Procedures of Mizan Islam & Co.

While certain assessment procedures for both the prospective and existing clients would be common, however, they may assume additional importance in case of a new client.

- **Prospective client identity and source** (considers following questions) Whether the client is one of the following: -
 - Listed Entity
 - Non listed entities which are financial institutions, Insurance,
 - NBFCs and DFIs.
 - Economically Significant Companies (ESC) as defined under the prevalent laws or standards.
 - What has been auditor's experience with the client or member of the same group?
 - Has the work been referred by a long-standing professional contact?
 - What are the significant risks associated with accepting the client?
- **Background information on the business** (consider following questions)
 - What is known about the prospective business client?
 - What is the business reputation of the prospective client, its owners/those charged with the governance, and its management?
 - How capable is/are the management/those charged with the governance? Review qualifications and business experience.
 - What is known about the integrity of the principal owners/those charged with the governance and management?
 - Is there a dominant Chief Executive?
 - Whether the auditor can meet with the Audit Committee freely and without the Executives present?
 - What is known about entities bankers and lawyers?
 - What is the financial status of the prospective client (particularly liquidity and viability)?
 - Whether the management has a significant personal financial interest in the financial result?
 - What is the integrity of those with significant influence over financial reporting (including fraudulent acts, non-bias in producing estimates earnings management)?

- What is known about the industry in which the prospective client operates and the risks it presents?
- What reasons are given for the change of auditors and why our firm was selected?
- Whether the audit firm is competent and capable of handling the audit of the prospective client?
- Whether there would be need of an expert?
- Are there any concerns over the resources available within the firm to meet any identified need for experts?
- In case of group audit whether the engagement team is capable of acting as group auditors?
- Is there any concern that the group engagement team will not be able to gain sufficient appropriate audit evidence in relation to the consolidation process and the financial information of the components on which to base the group audit opinion?
- Is an Engagement Quality Control Reviewer (EQCR) required?

3.2. Auditor's association with the prospective client

At mizan islam & co. to associate with any engagement with prospective client they assess the followings:

- Whether the preconditions for an audit are present, that is, the use by management of an acceptable financial reporting framework in the preparation of the financial statements and the agreement of management or those charged with governance to the premise on which an audit is conducted.
- Whether any limitation of scope is likely that would result in a disclaimer of opinion?
- What is the need to accept the audit even where the limitation on scope is or likely to be imposed by the management?
- Are there any relationships that may impair auditor's objectivity or ability to meet any relevant independence requirements?
- Are there any potential conflict of interest affecting auditor's ability to accept the engagement? For example, providing audit and accountancy services to the same client. If there is a conflict of interest whether the interest conflicting with audit removed or safeguards available that reduces the risk to an acceptable level?

- Consider that no conflict of interest arises in respect of services being provided as a result of accepting audit of a listed company in view of listing regulations and ICAP Code of Ethics.
- Have any relevant statutory or other regulatory provision been identified, including any implications on the auditor's ability to act for the client?

3.3. Know your client in Detail (understanding business and its activities)

a) Client Overview

- Client History and Background
- Client Profile

b) Client Business Objectives and Related Business Strategies

c) Client Business Components

- Major Markets
- Major Products and Services
- Major Customers
- Major Competitors
- Alliances (including suppliers) and other relationships

d) List of Authorized Signatories

e) Notes of Meeting with Client

3.4. Control Overview

Control overview includes understanding control environment and control activities.

Control environment—Includes the governance and management functions and the attitudes, awareness and actions of those charged with governance and management concerning the entity's internal control and its importance in the entity. The control environment is a component of internal control.

Control activities—Those policies and procedures that help ensure that management directives are carried out. Control activities are a component of internal control.

Control risk—The risk that a misstatement that could occur in an assertion about a class of transaction, account balance or disclosure and that could be material, either individually or

when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's internal control.

Internal control—The process designed, implemented and maintained by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The term "controls" refers to any aspects of one or more of the components of internal control.

- **Significant Risks:**
- Risk of fraud
- Risk related to recent significant economic, accounting or other developments
- Risk from complex transaction
- Risk from related parties' transactions
- Risk from measurement
- **Considerations specific to smaller entities**

Information systems and related business processes relevant to financial reporting in small entities are likely to be less sophisticated than in larger entities, but their role is just as significant. Small entities with active management involvement may not need extensive descriptions of accounting procedures, sophisticated accounting records, or written policies. Understanding the entity's systems and processes may therefore be easier in an audit of smaller entities, and may be more dependent on inquiry than on review of documentation. The need to obtain an understanding, however, remains important.

3.5. USING THE AUDIT PRACTICE MANUAL

3.5.1. Introduction

APM incorporates all the documentation needed to enable compliance with Bangladesh Standards on Auditing (BSA).

The manual is very flexible, allowing you, through the planning, to decide the best approach to auditing each of the relevant sections. This enables you to comply with all the relevant standards as efficiently and effectively as possible.

3.5.2. Referencing system

All working papers generated during the course of the audit or documents filed on the audit working paper file should be referenced and cross-referenced to facilitate review.

3.5.3. Forms

The forms in the APM have been designed to facilitate and encourage review and conclusions.

Where a form requires a formal conclusion, this will always be found at the bottom of the form, where space is provided for originator and reviewer to sign. Many of the forms may be signed by staff other than the audit principal, hence the use of the terms 'prepared by' and 'reviewed by'. Where, however, a signature is required by a senior/manager and/or partner specifically, the forms specify this.

Where forms do not require a formal conclusion, the 'prepared by' and 'reviewed by' sections are to be found at the head of the form or schedule. Staff of appropriate seniority should complete these forms, with reviewers, in particular, being trained to carry out their review task. There is also a box at the top of the page to indicate that the form has been tailored at the planning stage by a particular individual, and allowing for review of the tailoring. This is essential to allow for the overall review of the planning by the audit principal.

3.5.4. Accounts

The A section should contain the final draft of the accounts and all subsequent journals, up to the final accounts.

The self-assessment tax return is only likely to be prepared when the accounts are near completion. Copies of the computations should be kept in this section.

The signed letter of representation and a copy of the letter of comment should also be filed on this section as they are an essential part of the audit evidence and they will often contain issues of significance for future years.

BSA 580: Management representations, makes it clear that a letter of representation should be obtained from the client. Remember, however, that it is not acceptable to use the letter as an excuse for not carrying out the necessary audit work. The letter of representation is not an audit substitute.

3.5.5. Completion

Audit standards questionnaire

This should be the final form to be completed before the initial partner completion.

The purpose of the form is to ensure compliance with the Bangladesh Standards on Auditing (BSA), it can be a useful aid when completing a review of the file, particularly where the reviewer is a little uncertain about the quality of the evidence on the file or is relatively inexperienced.

The form contains one or more questions relating to each of the BSAs. It provides a final check to ensure that full consideration has been given to compliance with all of the BSAs.

File completion questionnaires

A senior member of staff on the audit should complete the completion questionnaires.

A final critical review of the accounts should be performed in conjunction with the updating of the annual summary of statistics on the Permanent audit file or within your account's preparation package. The ratios and trends noted on the permanent file should be specific and appropriate to the client. They should not just be ratios for ratios sake.

This final critical review is not, of itself, a sufficient basis for the expression of an audit opinion on the accounts, but it should hopefully support the conclusions drawn from other audit work or else indicate areas in need of further enquiry.

Justification of audit report

The purpose of this form is to ensure that there is adequate evidence that the suitability of the audit report has been considered. Any problems encountered should be scheduled and their effect on the audit report considered.

The form specifically directs the auditor to consider any problems resulting from issues such as:

- a qualification in the previous year;
- inadequate books and records;
- difficulties obtaining adequate information from the directors or from branches not visited;
- a refusal by the directors to confirm certain representations in writing; and doubts over going concern.

Cleared audit queries

A record of audit queries and their resolution, where retained, should be filed here. It is essential that the working papers are updated to reflect the answer to the original query and that the answer is not just recorded on the review schedule as this will lead to a loss of audit evidence. This is all the more important if the audit queries themselves are not retained.

3.6. Planning

3.6.1. Planning summary

This schedule is effectively a sign-off sheet to evidence:

- approval of the planning by the engagement partner;
- reading of the audit plan by the engagement team, and
- final review of the planning at the completion stage.

3.6.2. Acceptance procedures

This form is designed to demonstrate that adequate consideration has been given to independence in accepting appointment/reappointment for the audit. It also demonstrates that the firm has adequate resources and the appropriate technical knowledge necessary to carry out the audit properly.

The form must be completed and signed by the partner prior to any detailed work being commenced on the audit. This includes the completion of the detailed planning.

Where any of the questions have been answered with a 'yes', the partner must specify precisely what action is to be taken to safeguard independence or overcome the problems with available resources or technical knowledge.

3.6.3. Audit planning checklist

This checklist should be completed as a control over the planning of the audit. It will ensure that all initial steps are properly taken. In particular it will guide users through completion of the risk assessment and internal control evaluation forms.

a free-form planning memorandum should be prepared dealing with such matters as:

- introduction: an outline of the background of the business, the markets it serves, its major customers and suppliers, its principal business risks and ownership structure;
- developments in the business: an outline of changes in key market suppliers, customers or altered business strategy;
- risk and materiality overview: an assessment of the overall engagement risk and a commentary of the major risks perceived within the assignment;
- audit timetable; and
- planned staffing and budget.

3.6.4. Systems and internal controls summary

BSA 315: Understanding the entity and its environment and assessing the risks of material misstatement requires a much deeper understanding of the client's procedures and systems of internal control than was the case previously.

- to guide users through the completion of the relevant forms to document that deeper understanding, and
- to record the conclusions in relation to internal controls at the planning and completion stages.

3.6.5. Understanding of the company

BSA 315.20 requires the auditor to obtain an understanding of the company and the environment in which it operates. This includes:

- industry, regulatory, and other external factors, including the applicable financial reporting framework;
- nature of the entity, including the entity's selection and application of accounting policies;
- objectives and strategies and the related business risks that may result in a material misstatement of the financial statements;
- measurement and review of the entity's financial performance; and internal controls.

System of internal control (last point above) has a wide definition under BSA 315 and includes: the control environment;

- the entity's risk assessment process;
- the information system, including the related business processes relevant to financial reporting and communication;
- control activities; and
- monitoring of controls.

3.6.6. Detailed risk assessment

This detailed risk assessment serves three main purposes:

- as an aide-memoire for identifying specific risks affecting the client that may require further action;
- a means of formally documenting the approach to issues where the risk is assessed as low and which may as a result not require specific additional testing, and
- a means of determining an overall risk assessment for the client.

3.6.7. Materiality summary

Since this is a planning document, figures for the accounts being audited will on occasions not be available. Where this is the case the anticipated figures for the current year (perhaps based on VAT or sales records) and, if appropriate, the figures for the previous years should be used.

The materiality figure established sets the overall materiality to apply to the audit as a whole. It must be emphasized that setting the materiality level is ultimately a matter of professional judgment. The ranges given on C8 are for guidance only and there will be occasions when materiality is determined to fall outside these ranges. Under no circumstances should the ranges be treated as a formula or materiality calculated as an average of the three.

BSA 320: *Audit Materiality* requires the auditor to consider the level of materiality throughout the audit.

3.6.8. Planning schedules

- Accountancy work planning
- Sample size planning
- Assignment planning timetable
- Budget and performance summary
- Job progress report

3.6.9. Extensive analytical review

Where it is considered that useful audit evidence can be derived from an extensive analytical review, this approach can be adopted. It is often very cost effective. For extensive analytical review to be effective it must be targeted, the results must be corroborated with independent data and it must be undertaken by a suitably senior and experienced individual.

3.6.10. Audit Risk Summary

BSAs 315 and 330 require the auditor to document:

- the identified and assessed risks of material misstatement at the financial statement level and at the assertion level, and
- the overall responses to address the assessed risks of material misstatement at the financial statement level and the nature, timing, and extent of the further audit procedures, the linkage of those procedures with the assessed risks at the assertion level, and the results of the audit procedures.

3.6.11. Audit risk checklist

- firstly, it acts as a guide through the various stages in assessing risk and determining the responses to those risks, and
- secondly it is a checklist to help ensure that all those stages are followed.

3.6.12. Risk assessment

requires the auditor to obtain an understanding of the company and the environment in which it operates. This is the starting point, as this process should gather sufficient information that will enable identification of the various risks facing the company.

'The auditor should identify and assess the risks of material misstatement at the financial statement level, and at the assertion level for classes of transactions, account balances, and disclosures. For this purpose, the auditor:

- identifies risks throughout the process of obtaining an understanding of the entity and Its environment, including relevant controls that relate to the risks, and by considering the classes of transactions, account balances, and disclosures in the financial statements;
- relates the identified risks to what can go wrong at the assertion level;
- considers whether the risks are of a magnitude that could result in a material misstatement of the financial statements, and
- Considers the likelihood that the risks could result in a material misstatement of the financial statements.'

3.7. Additional planning schedules

- Accountancy work planning
- Sample size planning
- Assignment planning timetable
- Budget and performance summary
- Job progress report

3.8. AUDIT EVIDENCE

Audit objectives

BSA 500.2 requires that the auditor should obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion.

g) Assertions about classes of transactions and events for the period under audit such as:

- **occurrence** - transactions and events that have been recorded have occurred and pertain to the entity;
- **completeness** - all transactions and events that should have been recorded have been recorded;
- **accuracy** - amounts and other data relating to recorded transactions and events have been recorded appropriately;
- **cut-off** - transactions and events have been recorded in the correct accounting period; and
- **classification** - transactions and events have been recorded in the proper accounts.

h) Assertions about account balances at the period end such as:

- **existence** - assets, liabilities, and equity interests exist;
- **rights and obligations** - the entity holds or controls the rights to assets, and liabilities are the obligations of the entity;
- **completeness** - all assets, liabilities and equity interests that should have been recorded have been recorded; and
- **valuation and allocation** - assets, liabilities and equity interests are included in the financial statements at appropriate amounts and any resulting valuation or allocation adjustments are appropriately recorded.

i) Assertions about presentation and disclosure such as:

- **occurrence and rights and obligations** - disclosed events, transactions and other matters have occurred and pertain to the entity;
- **completeness** - all disclosures that should have been included in the financial statements have been included;
- **classification and understandability** - financial information is appropriately presented and described, and disclosures are clearly expressed; and
- **accuracy and valuation** - financial and other information are disclosed fairly and at appropriate amounts.

3.9. Audit conclusion

A conclusion should be drawn for each audit area. This is vitally important. Not only should the summary sheet be concluded upon, but for each main test within each area, the relevant working paper should state:

- the aim of the tests;
- the work performed;
- the results obtained, and
- the conclusion reached.

3.9.1. Final completion stage

The conclusion requires confirmation of a number of different things. This includes confirmation that:

- the work detailed in the audit program has been carried out;
- the results have been adequately recorded;
- all necessary information has been collected for the preparation of the statutory accounts, and
- subject to any minor matters highlighted on B5 or B8, the objectives have been met.

3.9.2. Alternative conclusion

The summary sheet should state clearly the alternative conclusion reached, with adequate explanation for the conclusion to be understood.

Before reaching an alternative conclusion, consideration should be given to whether or not there are any additional audit procedures that could be carried out to enable a satisfactory confirmation of the audit objectives to be given.

3.10. Register of Laws and Regulations

The Register of Laws and Regulations is, as the name suggests, a form for recording all significant laws and regulations which affect the client company. BSA 250: Consideration of laws and regulations in an audit of financial statements requires the auditor to:

- obtain a general understanding of the legal and regulatory framework applicable to the entity and the industry and how the entity is complying with that framework (according BSA250.15);

- obtain a general understanding of the procedures followed by the entity to ensure compliance with that framework (according BSA 250.15.1);
- perform further audit procedures to help identify instances of non-compliance with those laws and regulations where non-compliance should be considered when preparing financial statements (according BSA 250.18).

3.11. AUDIT FILE INDEX

It entitles and contains all the evidences and documentation of an audit engagement and helps to understand the overall contents of a particular engagement.

Sl No	Particulars	Reference
A.	AUDIT FILE INDEX 1.Final accounts 2.Tax computations 3.Final journals 4. Draft journals, typing instructions 5.Letter of representation 6.Letter of management 7.Company accounts disclosure checklists 8.Management accounts/last year's accounts	
B.	AUDIT COMPLETION	
C.	AUDIT PLANNING	
D.	EXTENSIVE ANALYTICAL REVIEW	
E.	INTANGIBLE ASSETS	
F.	TANGIBLE FIXED ASSETS	
G.	INVESTMENTS IN GROUP AND ASSOCIATED UNDERTAKINGS	
H.	OTHER INVESTMENTS	
I.	STOCK AND WORK IN PROGRESS	
J.	DEBTORS AND PREPAYMENTS	
K.	BANK BALANCES AND CASH	
L.	CREDITORS AND ACCRUALS	
M.	LONG TERM LOANS AND DEFERRED INCOME	
N.	PROVISIONS FOR LIABILITIES AND CHARGES, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS	
O.	CAPITAL, RESERVES AND STATUTORY RECORDS	
P.	TAXATION	
Q.	INCOME AND EXPENDITURE- ANALYSIS FOR TAX PURPOSES	
R.	PROFIT AND LOSS	
S.	OPERATIONAL EFFECTIVENESS OF CONTROLS	
T.	POST BALANCE SHEET EVENTS	
U.	VALUE ADDED TAX	
V.	CONSOLIDATION	
W.	ACCOUNTS WORKING PAPERS	
X.	OTHER PRIMARY FINANCIAL STATEMENTS	
Y.	COMPUTER REPORTS AND RECORDS RECEIVED	
Z.	OBSOLETE WORKING PAPERS	

CHAPTER 04

Findings & Recommendations

4.1 Major Findings

Bangladesh Auditing Reporting's main findings are to improve the relevance, reliability and comparability of the information a reporting entity provides to its clients about a business combination of Mizan Islam & Co. Following some of this study's major findings as:

1. It has a full-scale IT department with a well-trained staff to ensure faster service but comparatively slow operations (lack of some motivation factors).
2. The organization is not using the art communication technology to ensure quick communications and feedback.
3. The organization gets unstable phases of recruitments since the flow of the number of student's registration are not always constant.
4. There are some skillful expertise's within the organization but at the same time the numbers of comparatively weak and unskilled articles were countered.
5. Audit staffs of Mizan Islam & Co. have to rely on partners of the firm to conclude an engagement which has effects efficiency and timing of the deliverance of works.
6. The nature of the audit and consultancy service has own inherent limitations.

4.2 Recommendations

My recommendations for are as follow:

1. Should ensure full-scale IT department with a well-trained staff to generate faster service (improve some motivation factors in IT department).
2. The organization should use the art communication technology to ensure quick communications and feedback to overcome any complaint quickly.
3. The organization should stabilize phases of recruitments by ensuring an effective article student's registration procedure consulting with the management of the firm.
4. Have a fun staff meeting to discuss good service elements and give a play role to those who are expert in various areas of auditing.
5. Should clear the guidelines for partner's involvements in the mission of the company where it is necessary.
6. To reduce the inherent limitations in an accepting level, Mizan Islam & Co. should introduce:
 - Concurrent Audit at Block engaging suitable individual according nature of the work.
 - Help in Capacity building of Audit personnel.
 - Strong augments of internal control of the firm.

CHAPTER 05

Conclusion

5.1 Conclusion

To say something like that A in conclusion. A Mizan Islam & Co. The provision of attractive services and packages to customers has played a very important role in his field. A Mizan Islam & Co. has a very wide network nationally converging with the latest technology and serving its valued customers. I did an internship at A Mizan Islam & Co. I have learned a lot for a period of three months and this period is a small period of time. I apply my expertise here and get my knowledge from a professional experience. Already I know how to communicate to colleague and supervisor about the company climate. I am learning how to use organizational theoretical knowledge. I am improving my communication skills. It's improving my decision-making power. Now I have a deicidal power over the future. A Mizan Islam & Co. it is a customer oriented and employee-oriented business, thus providing the employee with a very friendly environment. Any intern has a great opportunity to learn new things.

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