Internship Report

on

Audit Procedures of A Chartered Accountants Firm: A Case Study on ACNABIN Chartered Accountants

Submitted by

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ID: BBA2102023027
Major: Accounting
Semester: Spring 2025
Bachelor of Business Administration (BBA)
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Submitted To

Department of Business Administration
Sonargaon University (SU)
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Date of Submission: 28 April 2025

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Date of Submission: 28 April 2025

Letter of Transmittal

April 28, 2025
Shafiqul Islam
Lecturer
Department of Business Administration
Sonargaon University (SU).

Subject: Submission of Internship Report.

Dear Sir,

With humble honor and respect, I am submitting my internship report on "**Audit Procedures of a Chartered Accountants firm: A Study on ACNABIN Chartered Accountants.**" As per partial accomplishment of the requirements for the BBA degree, this internship has been carried out under the supervision of you.

This report is an integral part of our academic courses in completion of the BBA program, which has given me the opportunity to gain insight into the core aspects of topic. I hope this report reflects on the contemporary issues on the finance area that are being practiced by organizations in our country.

In completing the report, I tried my best to blend all my knowledge and imparted every available detail and also attempted to avoid unnecessary amplification of the report.

I humbly request you to accept this report for your kind evaluation.

Sincerely,

_____

Fariha Zaman Tanha
ID No: BBA2102023027
Program: BBA
Major: Accounting
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Student's Declaration

I, the undersigned, a student of Business Administration, Department of BBA program, Major in Accounting of Sonargaon University (SU) do hereby declare that the internship report on "**Audit Procedures of a Chartered Accountants firm: A Study on ACNABIN Chartered"** is the original one and has been prepared by myself and has not been submitted anywhere for any degree, diploma, title or recognition.

The report was prepared under the supervision of Shafiqul Islam, Lecturer, Department of Business Administration, Sonargaon University (SU).

Sincerely,

_____

Fariha Zaman Tanha
ID No: BBA2102023027
Program: BBA
Major: Accounting
Department of Business Administration
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Letter of Authorization

Certified that this internship report titled "**Audit Procedures of a Chartered Accountants firm: A Study on ACNABIN Chartered Accountants**" is the bona fide work of Fariha Zaman Tanha, who carried out the study under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other internship report or dissertation on the basis of which degree or award was conferred on an earlier occasion on this or any other candidate.

_____

Shafiqul Islam
Lecturer
Department of Business Administration
Sonargaon University (SU)

Acknowledgement

I would want to evolve my gratitude and thankfulness to my faculty, Shafiqul Islam, Lecturer, Department of Business Administration, Sonargaon University (SU), for his resolute support, direction, inspiration, and ecstasy during the of my internship report. I avowedly appreciate that he was always giving his significant time and effort from his busy schedule to read my report.

Next, I would like to express my thanks to an eligible person, Mr. Muhammad Aminul Hoque, CA, Audit & Assurance Partner, ACNABIN Chartered Accountants, who really deserves my gratefulness for his immense leading, ceaseless support and guardianship. It could not be possible for me to end up as an intern at ACNABIN Chartered Accountants if he would not assist me properly. Over and above, upon his guidance I have worked in the Internal Audit Team of GE Healthcare Bangladesh Limited where I have gathered experience about internal control system, surprise audit and inventory counting operations.

Executive Summary

This report focuses on the audit procedures that is followed by maximum CA firms in Bangladesh. In chapter 1 the experience of my four months internship program has been described. In chapter 2 the background information on ACNABIN Chartered Accountants has been put into words. In chapter 3, 4, and 5 the main project part of my report has been expressed that is the audit procedures ACNABIN Chartered Accountants follow in their firm as per APM in the context of Bangladesh. In this stage I have done a survey on ACNABIN and based on my survey I have found there are four steps of audit process in CA firm. The steps are planning, collection of evidence, controlling & recording and lastly review & opinion. To get the information about those steps I have collected primary data from my interpersonal observations and one to one interview method. In this case I have interviewed senior article student, supervisor, director and the partner of the firm "ACNABIN Chartered Accountants". Henceforth, I have collected data from the official website of ACNABIN and other sources as well as journals which help me to identify the key determinants which can define the audit procedures ACNABIN follows. The main objective of this chapter is to know about the audit procedures of ACNABIN Chartered Accountants. To know the audit procedures of ACNABIN I have analyzed the process of appointing auditors, the initial planning of the audit, assessing the risk of material misstatement, the required audit evidence by testing various audit assertions, performing review of audit reports, and opinion of partners of ACNABIN on the audit report from the observations of overall documentations. Last but not least, it will be recommended for ACNABIN that they should overcome their weaknesses to improve their audit work.

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Chapter: 1

Introduction

1.1 Information

ACNABIN is a leading chartered accountancy firm in Bangladesh, founded in 1985. They are an independent member firm of Baker Tilly International and offer a wide range of services, including assurance, tax, business consulting, and technology solutions. ACNABIN aims to create value for its clients and stakeholders, emphasizing proactive problem-solving and long-term solutions.

1.2 Objective

By the last 4 years of my BBA degree at Sonargaon University I had studied a lot about business and its operations which I tried to redact in my real life as well as corporate life in the long run. That's why my premier objective was to know about the audit procedure and the basis in accordance with ICAB. Since I was assigned to conduct an audit on multinational company (GEHBL), in this case my next purpose was to gather knowledge, information, and experience about medical technology business systems and procedures.

1.3 Significance of this study

Basically chapter 1 has been arranged by proving an overview of ACNABIN Chartered Accountants firm and its audit practice in Bangladesh. By reading this paper ones can get some idea about the CA firm culture, environment, and the necessity of pursuing CA profession as a career for the future. Further, this stage will also provide few backgrounds information of ACNABIN where management practice, client retention policy, IT, and admin facility as well as accounts & financial statements will be mainly focused. In addition, this chapter will also give readers an idea about the audit system and technique which is currently being followed by my firm ACNABIN

1.4 Limitations of this study

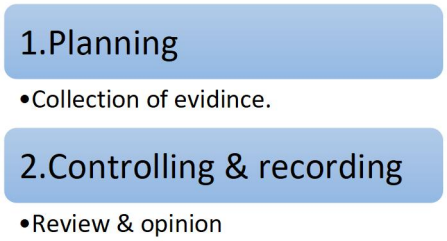
During my internship period one of the biggest limitations of this study was confidentiality of the information. Because of extreme confidentiality of information, I could not be able to research valuable documents. For example, as I was not allowed to check ACNABIN's annual Financial Statements, I was not able to collect financial information of ACNABIN. Another limitation was time constraints. Consequently, I could not be able to analyze my topic deeply. for this study time allocation was only 3 months which created hindrance to collect latest data. Therefore, I had to rely on the past data to complete my report.

Chapter: 2

Literature Review

2.1 Literature Review

According to ICAB a summarized version of audit procedures is planning, collection of evidence, controlling and recording, review and opinion which can be found in AP four steps. Bangladesh Standards on Auditing usually emphasizes on the importance of the necessity for the standard documentation of the client's planning note. Planning documents comprehend the temperament of the entity's business, scheme of conducting the business, the risks entangled and their effects on the business as well as leaps taken by the auditor to audit the company. Next, by physical examination, confirmation, inspection, analytical procedures, inquiries, recalculation, performance, and observation audit evidence are collected. Further, collected evidence is evaluated based on assessment and recorded data and documents. At the final stage after completing the discussion between the management and the auditors regarding audit report managing partner of the firm give review of the report and issue a final opinion.Audit Practice Manual (APM) suggests the following audit process:



Planning is crucial for successful auditing and is a requirement of BSA. Client-specific planning involves understanding the company's operations, risks, and auditing methods. This planning includes risk assessment, analytical review, and control tests. Audit evidence is collected through audit sampling and error evaluation from sample data. Sample sizes are determined based on judgement, and larger sample sizes reduce errors. Errors are evaluated to determine their impact on the population being tested.

Chapter: 3

Methodology

3.1 Methodology

The project focuses on the audit procedures that ACNABIN Chartered Accountants follow in its CA firm in the context of Bangladesh. In order to conduct this research few information has been taken from primary sources and other information has been gathered from secondary sources. In terms of primary sources observation and interview method have been followed where I have interviewed a senior article student, a supervisor who is deputy manager of ACNABIN, a director of ACNABIN and a partner of ACNABIN. On the other hand, in case of secondary sources data has been collected via google, google scholar, different journals that has been already published. Later, implications of audit procedures in ACNABIN have been discussed thoroughly. The brief methodology of my research objectives is explained following In this project objective 1 and objective 2 methodology are based on my observations from working in ACNABIN for the last 3 months. In order to justify the method this particular method will give a clear view about the auditor's appointment and the initial planning for the audit of ACNABIN.On the contrary, objective 3 and objective 4 methodology are based on secondary data collection method which is google scholar and google and some websites. In order to justify the method some statistical data have been presented. Objective 5 methodology is based on taking interviews from the supervisor and senior article students of the firm. Lastly, objective 6 methodology is based on conducting interviews and interpersonal observations. To justify the method information is directly taken from director and partner of ACNABIN Chartered Accountants firm from where analysis of my projects has been found.

Chapter: 4

Organizational Part, Overview, Operations, & Strategic Audit.

4.1 Overview of the firm

4.1.1 About ACNABIN Chartered Accountants

At present according to Bangladesh Bank ACNABIN Chartered Accountants is ranked number 1 chartered accountant firm in Bangladesh. It is ACNABIN which is an independent member firm of Baker Tilly International which is also an international accounting network of 149 firms in 125 countries (Rahman, I. 2015). ACNABIN has so many engagements which are involved project funded through international agencies like the World Bank, ADB, UNDP, UNICEF, UNFPA, DFID, CIDA, WFP, FAO, SIDA, ILO, IFAD, USAID, NORAD, UNCDF, ODA, LWF/DWS, EC etc. ACNABIN Chartered Accountants was established in early 1985 by seven FCA named ABM Aziz-Uddin, Anwar Uddin Chowdhury, ASM Nayeem, Mohammod Akhtaruzzaman, ATMA Bari, Iftekhar Hossain, and Muhammad Nurun Nabi so that they could flourish chartered accountancy field in Bangladesh (Rafi, F. 2020). Since the firm's inauguration ACNABIN has provided market survey, management review, and consultancy services to the clients who are active in industry, trade, finance, microfinance, education, health, social services, and agriculture in the private, public, and non-governmental sectors throughout Bangladesh, as well as to various UN agencies and other development partners. However, as it is one of the renowned Chittagong Division in Bangladesh the firm is equanimous for continued growth. The head office of ACNABIN is in DhakaDivision, Bangladesh, whereas its sub brunch is in Chittagong Division (Ridam, M. 2022)

4.1.2 Services offered by ACNABIN

In Bangladesh ACNABIN not only offers a variety of high quality & entertaining services to private organizations but also aids the public sector clients. At the same way, they provide support to the international development organizations and deportee consultants to work on projects in Bangladesh (Rahman, I. 2015). It is ACNABIN which has been providing accounting services in different sectors of business for more than 31 years to various clients (Shahriar, M. 2020). Thae principal purpose of their services is to improve the internal control system ofc their several clients.

4.1.3 Vision, Mission & Objective of ACNABIN

Each organization has its mission, vision and core value statement so that they can set their goal and objective for their entity's continuous growth. Similarly, ACNABIN has its mission, vision and core value statement as an accounting service provider.

Vision statement of ACNABIN: The vision statement of ACNABIN Chartered Accountants is given- "We go beyond the traditional auditor and client relationship by becoming your Trusted Business Advisor" (ACBANIN Chartered Accountants, 2022)

Mission statement of ACNABIN: The mission statements of ACNABIN Chartered Accountants are given- "We adhere to the strictest principles of client confidentiality. The sensitive and competitive nature of proprietary information-and the maintenance of trustdemands it. We have built our success on such principles. We do our utmost to earn-and keep-client trust" (ACNABIN Chartered Accountants, 2022).

Objective of ACNABIN: The objectives of ACNABIN Chartered Accountants are given- "We want to become trusted leader in the market ensuring highest level of

professional ethics and competencies. While securing a safe and trusted position in the market for financial institutions, telecommunications, foreign branch and liaison offices and NGOs/NPOs, we still see wider space for us to get involved in other sectors in the country and in the region" (ACNABIN Chartered Accountants, 2022).

Core value of ACNABIN: As a subsidiary company ACNABIN follows the forecasts of Baker Tilly. In Accordance with ACNABIN's profile handbook it can be stated that "Our way of life is driven by the Baker Tilly Internal fundamental beliefs (Shahriar, M. 2020).

The core values are-

✓ Leading by example

✓ Delivering quality services with integrity

✓ Communicating openly, acting ethically

✓ Last but not the least fostering a community built around civic responsibilities as well as teamwork

4.2 Management Practice

The management practices of ACNABIN are given below

4.2.1 Leadership & Decision making

ACNABIN follows autocratic leadership style, as their owners or partners lead the CA firm. However, at present ACNABIN ha 11 partners along with 7 founding

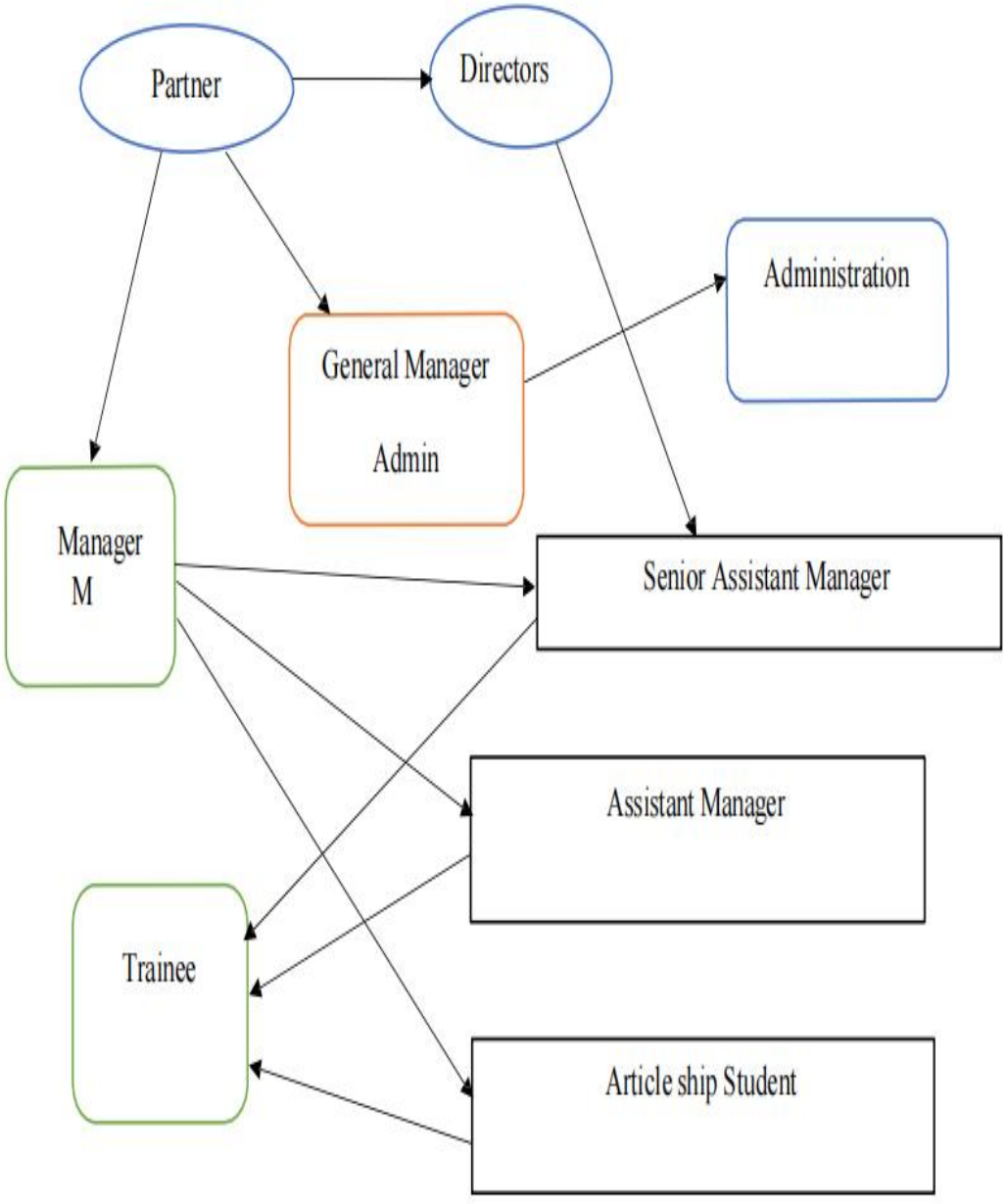


Figure 1: ACNABIN's Organizational Hierarchy

partners who take most of the business decisions or audit approval discussed among themselves. In this regard the organizational hierarchy of ACNABIN is given below-

4.2.2 Human Resource: ACNABIN Chartered Accountants usually retains their best and most professional employees by increasing their remuneration as compensation of their quality work. Normally, after completing article ship period one can join into the firm as employee or can go after job in other companies.

4.2.3 Marketing Practice:

As a B2B chartered firm ACNABIN provides services in form of audit, tax and consultancy to the large business organization. The core marketing practice of ACNABIN is to uphold their brand values by providing audit service to a wide variety of clients. The following marketing practices have been implemented by ACNABIN-

4.2.4 Marketing Channels (In case of service of ACNABIN)

Marketing Strategy In the accounting service provider field ACNABIN is using the marketing strategies are "join venture and referrals. Both strategies are discussed below-

a) Join Venture Strategy: The joint venture strategy dictates that there will be a partnership-between 2 companies which will combine the marketing methods in order to enhance their market share, goodwill and profitability (Tang, C. 2024, April 21). At the same way, ACNABIN is doing the same thing by creating a networking partnership with the BAKER TILLY International which ranked 8th in terms of worldwide audit network so that they can grow in the market (Baker Tilly Uzbekistan RSS. (n.d.). Retrieved October 22, 2024).

b) Referrals Strategy: This strategy refers that service is a trust-based relationship that creates a customer base who give other proper reasoning about why they should

take service from the firm as well (Tang, C. 2024, April 21). Moreover, ACNABIN has already implemented this strategy to their service market. For example, they develop good relationships with their giants through providing them fine quality of audit service which help them to construct a strong trust base among their existing clients.

4.2.5 Financial Performance and Accounting practices

Financial Performance Since ACNABIN is a private limited firm, it follows a rigid policy in terms of maintaining the confidentiality of their financial statements. Normally, they follow an established system for sustaining their financial performance. This is the reason behind the healthy growth rate of their total service revenue. In addition, it is projected that for the last 5 years the firm has had a positive turnover compared to the other competitor firms in Bangladesh (ICAB, 2024).

Accounting Practices ACNABIN Chartered Accountants ensues that accounting standards which are usually followed by the ICAB (ACNABIN Chartered Accountants, 2024). ACNABIN applies those policy to prepare all the years financial statements. The framework OF ISA 1, presentation of financial statements, has been applied by the firm in preparation and presentation of financial statements. In order to prepare their financial statements, the core accounting principles are as follows:

Accounting standards: According to International Financial Reporting Standards (IFRS) and other applicable laws and regulations firms prepare their financial statements under the historical cost convention method (ICAB, 2024).

Accounting method: ACNABIN Chartered Accountants usually follows the accrual basis concept of accounting practices where they recognize their revenue on accrual basis. But they recognize their expense both on accrual and cash basis concept. **Accounting cycle:** Apropos prepare financial statements CA firms used to follow an

annual yearly cycle. These one-year financial statements start from 01 July 2020 to 30 June 2021 (ACNABIN Chartered Accountants, 2022). ACNABIN maintains periodicity assumptions and a particular fiscal year to record their transactions as well as they use going concern assumption which depicts that their firm will be everlasting and will keep continuing their financial activities in future days as well.

Depreciation methods: The firm follows ISA-16 which is called Property plant and equipment regarding depreciation of their fixed assets. In this case, they apply declining balance method to measure their fixed assets like office equipment and furniture fixtures. Either at historical cost or fair value the firm uses the measurement principle so that they can record the price of their fixed assets. Besides, they follow historical cost to record depreciation expense and after that from the fixed costs they deduct the cumulative depreciation.

Accounting disclosures: Inasmuch as ACNABIN Chartered Accountants is a private limited firm, they do not follow full disclosure principle regarding financial statements. Even though they strictly maintain the confidentiality of their financial information. Therefore, they embed "IFRS 7 Financial instruments: Disclosures to their stakeholder or the partner of the firm but doesn't disclose financial data to any outsider such as investors.

4.3.1 SWOT Analysis of ACNABIN

The SWOT analysis of ACNABIN is the following:

1. **Strength:** The prime strength of ACNABIN is its brand value in accounting field as it is one of the best chartered accounting firms in Bangladesh who has a joint venture with BAKER TILLY International which adds extra value in their branding. Further, they are producing vast amount of qualified chartered accountants and professionals every year. Furthermore, they have a huge client list to serve since they are well connected to the renowned corporate giants. Finally, the existing partners of

the firm have a very good linkup with ICAB which brings a huge edge to their bushiness.

2. Weakness: The key weakness of ACNABIN is their work environment as their internal environment is not so good for work. Additionally, excessive work pressures and deadlines are given to the article ships and professionals which is not appreciable. Next, since CA passing success rate is low, there is a vast deficiency of articled students. As a result, the firm recruits inexperienced students and sends them to audit service which lowers the assurance quality. Further, as a client's office is far away then home office, audit professionals face a huge geographical disadvantage which causes the loss of experienced professionals after completion of their article ships. At last, the firm's employee retention policy is really poor compared to other firms in Bangladesh.

3. Opportunity: In favor of CA firms recently few policies have been implemented by ICAB. For instance, DVC policy has been introduced by ICAB which can help firms to further justify their annual reports and statements (Nath, B.B 2022). Hence, a new DVC policy has been launched by ICAB which can help firms to store their documents effectively (ICAB, 2022). Additionally, new startup businesses are emerging in Bangladesh that can be the next future potential clients of ACNABIN. Lastly, growing economy of Bangladesh also supports these new businesses to grow further which can be benefited for ACNABIN.

4. **Threat:** New entrance of potential CA firms is a huge threat for ACNABIN. For this reason, many current clients of ACNABIN can switch their firms to cut the audit cost. In addition, it is very difficult to maintain the confidentiality of the clients as there are working professionals and non-professionals. Thus, clients can sue ACNABIN if their confidential information is leaked out. At the end, lack of qualified CA professionals is another threat for ACNABIN as everyone is not willing to do CA, ACNABIN find to get ample number of qualified professionals.

*Chapter 4 basically describes the background information of ACNABIN Chartered Accountants, their vision, mission, objectives, and the services given by them. Next, this chapter talks about management practices, leadership and decision making, human resource planning, recruitment and selection, compensation, training, and development process. Then, this chapter focuses on marketing practices like marketing strategy, targeting and positioning strategy, segmenting, marketing channels, product development and branding activities. Later on, in the financial and accounting practice area this chapter expresses the last five years highlights and general accepted accounting principles and practices by ACNABIN. Afterwards in operation management and information system this chapter describes about the ERP system of ACNABIN. Last but not the least, in the industry and comparative analysis this chapter focuses on porter's five forces, differentiation strategy and SWOT analysis of ACNABIN. To sum up, it can be said that ACNABIN Chartered Accountants is one of the pioneer CA firms in Bangladesh who have been doing business for more than 35 years and received so many ICAB rewards and added vast value in the auditing services in Bangladesh.

4.3.2 Audit Procedures of a Chartered Accountants firm

According to ICAB a summarized version of audit procedures is planning, collection of evidence, controlling and recording, review and opinion which can be found in AP four steps. Bangladesh Standards on Auditing usually emphasizes on the importance of the necessity for the standard documentation of the client's planning note. Planning documents comprehend the temperament of the entity's business, scheme of conducting the business, the risks entangled and their effects on the business as well as leaps taken by the auditor to audit the company. Next, by physical examination, confirmation, inspection, analytical procedures, inquiries, recalculation, performance, and observation audit evidence are collected. Further, collected evidence is evaluated based on assessment and recorded data and documents. At the final stage after completing the discussion between the management and the auditors regarding audit report managing partner of the firm give review of the report and issue a final opinion

Chapter: 5

Analysis & Findings

5.1 Analysis on the process of appointing auditors to perform the audit work

From my observations it can be stated that there are different procedures for different clients for appointing auditors to perform the audit work on the client's financial statements at ACNABIN.

- **Audit engagement with new clients**

In the case of a new client's audit engagement will be classified into four steps. Firstly, there will be published a circular by new clients as advertisement or new clients can directly choose a firm on their own. Clients ask for proposal letter from the firm when they directly choose a firm. Regarding this as a customer due diligence firm investigates whether there is any threat of accepting a new client or not. Afterwards, they mention cost and time will be needed for the whole audit. Secondly, after finalizing the financial and technical terms ACNABIN Chartered Accountants transmits a proposal letter to their respective client where the interest of firm along with approximate time and charge of delivering service have been mentioned. Thirdly, if all the requirements and conditions are matched with the firm, client accept the firm's proposal letter and then makes a letter of contract and sends it to the ACNABIN Chartered Accountants. Finally, ACNABIN Chartered Accountants deputizes a confirmation letter to the management of the client's company whenever they receive the contract letter from their client.

- **Audit engagement with the current clients**

In contrast, in the case of existing clients, the clients directly transmit an appointment letter to the ACNABIN Chartered Accountants by requesting their services for the forthcoming year. ACNABIN sends a confirmation letter to the client if they accept their proposal

- **Direct appointment by the clients**

On the contrary, the companies who are specifically interested in getting service from ACNABIN can directly transmit an appointment letter to the firm. After analyzing whether the proposal will be profitable or not ACNABIN can send a confirmation letter to the company, or they can also reject the proposal and send a letter of rejection mentioning the reason if ACNABIN thinks that the proposal is not deemed to be profitable.

5.1.1 Analysis on the initial planning of the audit and forming appropriate audit team members

From my observations it can be portrayed that to do initial planning of audit and team formation based on IFRS and ISA ACNABIN Chartered Accountants considers some issues to identify its goal.

Irregularities: If there are any irregularities, risks will be involved in it. So, coordination and consistency are a must for audit planning.

Errors: According to APM, to provide reasonable assurance errors should be found. Therefore, regarding initial planning material error detection is significant.

Efficiency: At this stage auditors should pay attention to whether they audit the whole year of information in a short span of time. In case of team formation efficiency will be an essential part of the firm.

- **Developing effective and efficient audit plan**

Apropos doing initial planning ACNABIN knows the client's business nature. That is why, they collect and evaluate the initial information about internal control system, accounting & recording policy, vision, mission, objective, strategy, potential and present buyers, and sellers of the clients, identifying client's expectation, consideration of materiality, review of financial statement of the client's company. In addition, to check the client's business's internal control system ACNABIN audit team prepared an internal control questionnaire. Then, they assess some general and specific risks and check the materiality of the errors and develop an audit plan for their respective client.

5.1.2 Analysis on assessing the risk of material misstatement that can occur on the client's financial statements

In this stage I have analyzed how auditors of ACNABIN Chartered Accountants can assess the risk of material misstatement that can occur on the client's financial statements. In accordance with APM two types of risks can be found in CA firm like ACNABIN. They are general risk assessment and specific risk assessment. General risks are mainly the risks which are associated with internal control over financial reporting. To assess the general risks auditors of ACNABIN use top-down approach. Specific risks are related to accounts such as accounts receivable, inventory, supply chain, sales risk etc. (Sarkar, S. 2020). In both cases, auditors of ACNABIN have checked the materiality of the risks as per the guidelines of ICAB. The level of materiality is a matter for professional judgement which is described in the table below-

Range of turnover Or Gross asset	% Of turnover or gross asset	% Of profit after tax	Materiality ranges
Tk.0 Crores - Tk.5 Crores	3	10	Tk.1 – Tk.15 Lacs
Tk.5 Crores - Tk.10 Crores	2.5	10	Tk.15 – Tk.25 Lacs
Tk.10 Crores - Tk.20 Crores	2	10	Tk.25 – Tk.40 Lacs
Tk.20 Crores - Tk.56 Crores	1.5	10	Tk.40 – Tk.84 Lacs
Over Tk.56 Crores	1	10	Over Tk.84 Lacs

Table 01: Materialist

5.1.4 Analysis on conducting the audit test to construct an audit report

In this phase I have analyzed how ACNABIN Chartered Accounts can construct an audit report by testing various audit assertions on the client's accounts. This stage is basically a practical work stage. In this stage auditors of ACNABIN put the actions of their plans which are formulated till now. Apropos validate the evidence different types of tests are performed. To assess general risks from the documents, auditors use a test of control method. On the other hand, to assess the specific risks auditors of ACNABIN use substantive test. Auditors go through all the documents and afterwards using the technical compliance tests verify the IT system. After verifying the IT system auditors accumulate all the papers and audit evidence. In this phase I have analyzed how ACNABIN Chartered Accounts can construct an audit report by testing various audit assertions on the client's accounts. This stage is basically a practical work stage. In this stage auditors of ACNABIN put the actions of their plans which are formulated till now. Apropos validate the evidence different types of tests are performed. To assess general risks from the documents, auditors use a test of control method. On the other hand, to assess the specific risks auditors of ACNABIN use substantive test. Auditors go through all the documents and afterwards using the technical compliance tests verify the IT system. After verifying the IT system auditors accumulate all the papers and audit evidence.

5.1.5 Analysis of giving the opinion by the partner of CA firm on financial statements

In this phase I have inter-personally observed the activities of the auditors and conducted interviews from director and partner of the firm about the issues which is associated with the audit report and the opinion CA firm's partners given on financial statements from their observations of their overall documentation. One interviewee who is a director of ACNABIN Chartered Accountants told us that after evaluating audit evidence material misstatements are taken into consideration. In this case auditors of ACNABIN assure that they have collected appropriate and sufficient evidence. If they do not collect them properly, then additional steps will be taken. After that auditors of ACNABIN make a comparison of collected evidence to the planning materialist figure to detect misstatements. Then they analyze the total misstatements so that they can determine whether there is any materially misstatement of financial statement or not. If there are any material misstatements found, then it will be discussed with the management of the firm. Next, the management will clarify the reason for the deviations and remaining issues which are listed. Regarding this issue another interviewee who is the partner of ACNABIN Chartered Accountants told us that if the accumulation of the issues is the reason of the financial statement to be materially misstated, then ACNABIN Chartered Accountants will issue a qualified opinion. On contrary, if the accumulation of the issues is not the reason behind the financial statement to be materially misstated, then ACNABIN will issue an unqualified opinion. Finally, based on all the collected evidence audit reports has been compiled and communicated with the clients.

5.1.6 Findings of ACNABIN Chartered Accountants' audit procedure

ACNABIN Chartered Accountants' audit procedure findings likely include a thorough examination of financial records, assessment of internal controls, and identification of any potential risks or material misstatements. The specific findings would depend on the client and the nature of the audit.

Here's a more detailed look at what might be involved:

Audit Process:

Planning the Audit:

This involves understanding the client's business, industry, and accounting practices, as well as assessing the risks of material misstatement.

Risk Assessment:

Identifying and evaluating the risks of material misstatement, including risks related to fraud and errors.

Internal Control Evaluation:

Assessing the effectiveness of the client's internal controls to prevent and detect errors and fraud.

Audit Evidence Collection:

Gathering sufficient and appropriate audit evidence through procedures like testing transactions, reviewing documentation, and making inquiries.

Report Writing:

Preparing an audit report that includes the auditor's opinion on the fairness of the financial statements.

Potential Findings:

Material Misstatements:

Errors or omissions in the financial statements that could significantly impact a user's understanding of the company's financial position or performance.

Weak Internal Controls:

Inadequate internal controls that could increase the risk of errors, fraud, or other irregularities.

Significant Audit Risks:

Areas where there is a higher likelihood of material misstatement or fraud.

Compliance Issues:

Non-compliance with relevant laws, regulations, or accounting standards.

Chapter: 6

Recommendations and Conclusions

6.1 Recommendations and Conclusions

To sum up it can be said that from my observations and conducting interviews as well as incorporating different websites I have analyzed the audit steps of audit procedures ACNABIN Chartered Accountants follow in their audit services. Initially, I analyzed the process of appointing auditors to perform the audit work. In this process, I have described how ACNABIN creates audit engagement with their existing and new clients. Next, I analyzed the initial planning of the audit and the formation of appropriate audit team members. In this case, I have considered the irregularities, errors and efficiency issues to develop an effective and efficient audit plan. Further, I analyzed how auditors assess the risk of material misstatement that can occur on the client's financial statements. Regarding this issue I applied the guideline of ICAB where the range of immateriality based on gross asset has been portrayed. Furthermore, I analyzed how auditors can construct audit report by testing various audit assertions on the client's accounts. In terms of this matter for assessing general risk auditors use test of controls and for measuring specific risk they use substantive test. Moreover, I analyzed how the auditors of ACNABIN perform overall review of financial statements of client's audit report. Before sending the audit report to the clients many times that report has been reviewed. Lastly, I analyzed how the partners of CA firm like ACNABIN give their opinion on the client's audit report from their

observations. After doing so many reviews of the audit report, partners of ACANBIN conclude whether there is any material misstatement of the financial statement or not as well as issue an opinion.

There are some recommendations that ACNABIN can follow for their future betterment.

ACNABIN can be better by

✓Improving their work environment through leveling their work pressure among article ship students.

✓Creating better policies for their present employees to retain longer in the Firm.

✓Training article students more to improve their work efficiency.

✓Creating a more educational friendly environment for the article students as everyone's premier objective is to be a chartered accountant.

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