# Sonargaon University

## Internship Report

## on

## Auditing system of Kazi Zahir Khan & Co. Chartered Accountants


**Submitted by:**

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Program: Bachelor of Business Administration (BBA)
Major: Accounting
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Sonargaon University (SU)


**Submitted to:**

**Department of Business Administration**

Faculty of Business

Sonargaon University (SU)

Submitted for the partial fulfilment of the degree of

Bachelor of Business Administration

**Date of Submission: 05 September 2026.**

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**Supervised by:**
**Rukaiya Jannat Shrabony**
Lecturer
Department of Business Administration
Faculty of Business
Sonargaon University (SU)


Submitted for the partial fulfilment of the degree of
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## Letter of Transmittal

Date: 05 September 2026

To
**Rukaiya Jannat Shrabony**
Lecturer
Department of Business Administration
Faculty of Business
Sonargaon University (SU)

**Subject: Submission of Internship Report on "Auditing system of Kazi Zahir Khan & Co. Chartered Accountants**".

Dear Sir,
With most respectfully to state that I am pleased to submit my Internship Report titled **"Auditing system of Kazi Zahir Khan & Co. Chartered Accountants"**. This report is an essential part of my BBA degree requirements, and I had the privilege of completing my Internship at Kazi Zahir Khan & Co. Chartered Accountants under your guidance.

This report reflects the current Accounting and Internal Auditing practices essential for organizations in our country. I have made an effort to include relevant details while keeping the report concise.

I would greatly appreciate your time and effort in reviewing this report. Your valuable feedback will be highly appreciated. Thank you for your kind consideration.

Yours Sincerely,

**Khalid Redwan Tariq**
ID: BBA2203027139
Program: BBA (Major: Accounting)
Department of Business Administration
Sonargaon University (SU)

## Letter of Authorization

I hereby confirm that the Internship report titled **" Auditing system of Kazi Zahir Khan & Co. Chartered Accountants"** is a genuine effort by Khalid Redwan Tariq. The research was conducted under my guidance. I also affirm that, to the best of my knowledge, the content presented in this report has not been included in any other project report or dissertation that led to the award of a degree to any candidate earlier, whether in the same context or a different one.

**Rukaiya Jannat Shrabony**
Lecturer
Department of Business Administration
Faculty of Business
Sonargaon University (SU)

## Declaration of Student

I, the undersigned, a student of Department of Business Administration, Major in Accounting of Sonargaon University do hereby declare that the internship report on "Auditing system of Kazi Zahir Khan & Co. Chartered Accountants" 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 Rukaiya Jannat Shrabony, Lecturer, Department of Business Administration of Sonargaon University.

Yours Sincerely

**Khalid Redwan Tariq**
ID: BBA2203027139
Program: Bachelor of Business Administration (BBA)
Major: Accounting
Department of Business Administration
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## Acknowledgment

First and foremost, I would like to express my deepest gratitude to the Almighty, the Most Merciful, for blessing me with the strength, wisdom, and opportunity to successfully complete this internship report.

I am profoundly grateful to my respected supervisor, Rukaiya Jannat Shrabony, Lecturer, Department of Business Administration, Sonargaon University, for her invaluable guidance, continuous support, constructive feedback, and thoughtful suggestions throughout my internship period. Her expertise, motivation, and encouragement greatly contributed to the successful completion of this report. Her insightful advice enabled me to gain a better understanding of the industry and accomplish the objectives of my internship effectively. Without her constant supervision and timely assistance, completing this report within the stipulated timeframe would have been far more difficult.

Finally, I would like to extend my sincere appreciation to all the respected faculty members of the Department of Business Administration, Sonargaon University. Their continuous encouragement, dedication, and knowledge have played a significant role in my academic and personal development, and I remain truly grateful for their support throughout my educational journey.

## Executive Summary

This internship report examines the auditing system of Kazi Zahir Khan & Co., Chartered Accountants, with emphasis on the practical application of auditing and accounting concepts. The internship provided an opportunity to connect academic knowledge with professional audit practices, including audit planning, risk assessment, internal control evaluation, audit evidence collection, documentation, fieldwork, and reporting. The main objective of the study is to analyse the firm's auditing practices based on practical internship experience and to understand how theoretical auditing concepts are applied in actual engagements.

The study is based on both primary and secondary data. Primary information was gathered through direct observation, participation in audit assignments, preparation of working papers, and discussions with partners, managers, supervisors, and audit associates. Secondary information was obtained from client financial statements, annual reports, available audit documents, auditing standards, regulatory guidelines, textbooks, journals, and other reliable publications. The collected information was analysed descriptively to present the firm's auditing procedures and practical observations.

The study reveals that effective audit planning, systematic evidence collection, professional skepticism, proper documentation, independence, and teamwork are essential for conducting quality audits. The audit team emphasizes understanding the client's business, identifying significant risks, evaluating internal controls, and obtaining sufficient appropriate audit evidence before reaching conclusions. However, several challenges were observed, including delays in receiving client information, incomplete documentation, dependence on manual processes, limited time for complex audit procedures, and difficulties in obtaining adequate supporting evidence.

The study was subject to certain limitations. The short internship period restricted exposure to all stages of audit engagements, while confidentiality requirements limited access to some client information and sensitive audit documents. To improve audit effectiveness, the firm should establish clear communication procedures and deadlines for receiving client information, provide longer and more structured engagement rotations for junior staff, allocate adequate risk-based time for complex audit procedures, strengthen professional independence, standardize evidence-collection practices, and promote continuous training and knowledge-sharing among audit personnel.

Overall, the internship provided valuable practical exposure to financial accounting, corporate reporting, and auditing. It demonstrated that effective auditing involves more than checking numerical accuracy; it requires systematic risk assessment, internal control evaluation, evidence-based verification, professional judgment, skepticism, independence, and proper documentation. The experience therefore strengthened practical auditing knowledge and developed professional skills relevant to a future career in accounting and auditing.

| Acronyms | |
|---|---|
| | |
| **Acronyms** | **Elaboration** |
| ISA | International Standards of Auditing |
| BJMC | Bangladesh Jute Mills Corporation |
| BTMC | Bangladesh Textile Mills Corporation |
| BSEC | Bangladesh Securities and Exchange Commission |
| BCIC | Bangladesh Chemical Industries Corporation |
| BSFIC | Bangladesh Sugar & Food Industries Corporation |
| REB | Rural Electrification Board |
| PDB | Power Development Board |
| DESA | Dhaka Electricity Supply Authority |
| NGO | Non-Government Organization |
| MoA | Memorandum of Articles |
| TIN | Tax Identification Number |
| BIN | Business Identification Number |
| NID | National Identification Number |
| ICAB | Institute of Chartered Accountants of Bangladesh |
| APM | Audit Practice Manual |
| ISQM | Institute of Standard Quality Management |
| AML | Anti-Money Laundering |
| EOI | Expression of Interest |
| AGM | Annual General Meeting |
| IAS | International Accounting Standards |
| FRC | Financial Reporting Council |
| IFRS | International Financial Reporting Standards |

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# CHAPTER - 1

# INTRODUCTION

## 1.1 Introduction

Internship is an integral part of the Bachelor of Business Administration (BBA) program, designed to bridge the gap between academic learning and professional practice. It provides students with the opportunity to apply theoretical knowledge in a real business environment, develop practical skills, and gain first-hand experience of organizational operations. Through an internship, students become familiar with professional ethics, workplace culture, and industry practices that prepare them for future careers.

As a requirement for completing the BBA program, this internship report has been prepared based on practical experience gained at Kazi Zahir Khan & Co., Chartered Accountants, one of the well-established chartered accountancy firms in Bangladesh. The report focuses on the firm's auditing system, including audit planning, risk assessment, audit execution, documentation, and reporting procedures. It also highlights the role of auditors in ensuring the reliability, transparency, and compliance of financial statements with applicable accounting and auditing standards.

Auditing plays a significant role in strengthening corporate governance and enhancing stakeholders' confidence in financial reporting. Chartered accountancy firms provide independent assurance services that assist organizations in maintaining accountability, complying with statutory requirements, and improving internal control systems. Therefore, understanding the auditing practices followed by a professional audit firm is essential for developing practical knowledge in accounting and finance.

This report presents an overview of the auditing system practiced at Kazi Zahir Khan & Co., Chartered Accountants, along with the practical experiences and observations gained during the internship period. It also discusses the firm's audit procedures, identifies key findings, and provides recommendations for further improvement. The report aims to combine academic concepts with practical insights to provide a comprehensive understanding of the audit profession in Bangladesh.

## 1.2 Background of the Study

The internship program is a mandatory component of the Bachelor of Business Administration (BBA) curriculum, intended to integrate academic knowledge with practical workplace experience. It enables students to understand the application of theoretical concepts in real business situations while developing professional skills and ethical values. As part of this

requirement, the internship was completed at Kazi Zahir Khan & Co., Chartered Accountants, where practical exposure to auditing activities was obtained.

Auditing is an essential function in modern business because it enhances the credibility of financial statements and supports informed decision-making by stakeholders **(Auditing and Assurance Services by Alvin A. Arens, Randal J. Elder, and Mark S. Beasley).** Chartered accountancy firms perform independent audits to ensure that financial reports present a true and fair view and comply with applicable accounting standards, auditing standards, and regulatory requirements. During the internship, practical knowledge was gained regarding audit planning, risk assessment, internal control evaluation, audit evidence collection, working paper preparation, and audit reporting.

This report has been prepared to present an overview of the auditing system practiced by Kazi Zahir Khan & Co., Chartered Accountants, and to relate practical observations with the theoretical knowledge acquired throughout the BBA program.

### 1.3 Objectives of the Study

The general objective of this study is to analyse the auditing system of Kazi Zahir Khan & Co., Chartered Accountants, based on practical experience gained during the internship period.

The specific objectives of the study are:

- To provide an overview of Kazi Zahir Khan & Co., Chartered Accountants.
- To understand the audit planning and execution process followed by the firm.
- To examine the methods used for audit evidence collection and documentation.
- To evaluate the firm's audit procedures and internal control assessment practices.
- To identify the practical responsibilities performed during the internship.
- To compare theoretical auditing concepts with practical applications.
- To identify challenges in the audit process and provide recommendations for improvement.

### 1.4 Scope of the Study

The scope of this report is limited to the auditing activities observed and experienced during the internship at Kazi Zahir Khan & Co., Chartered Accountants. The study focuses primarily on the firm's audit procedures, including client acceptance, audit planning, risk assessment, internal control evaluation, audit evidence collection, working paper preparation, and audit reporting.

The report also describes the intern's responsibilities and learning experiences during the internship. Since the study is based on one chartered accountancy firm, the findings may not represent the auditing practices of all audit firms in Bangladesh.

### 1.5 Methodology of the Study

The report has been prepared using both primary and secondary sources of information.

**Primary Data:**

Practical experience gained during the internship. Direct observation of audit procedures and office activities. Discussions with supervisors, partners, managers, and audit associates.

Participation in audit assignments and preparation of audit working papers.

**Secondary Data:**

Annual reports and financial statements of client organizations. Audit manuals and internal documents of the firm, where accessible. International Standards on Auditing (ISA) and relevant regulatory guidelines. Textbooks, academic journals and published research articles. Information obtained from official websites and other reliable publications.

The collected information was analysed descriptively to explain the auditing system practiced by the firm and to relate practical observations with academic concepts.

### 1.6 Limitations of the Study

Although every effort was made to prepare a comprehensive report, several limitations were encountered during the study:

The internship period was relatively short, limiting the opportunity to observe all stages of the audit process.

Confidentiality policies restricted access to certain client information and audit documents.

Due to professional ethics, some sensitive financial data could not be included in the report.

Time constraints limited the scope of collecting additional information from different departments.

The findings are based on observations from a single chartered accountancy firm and therefore may not be applicable to all audit firms in Bangladesh.

# CHAPTER - 2

# ORGANIZATIONAL OVERVIEW

## 2.1 Overview of Kazi Zahir Khan & Co.

Kazi Zahir Khan & Co., Chartered Accountants is one of the leading professional accounting firms in Bangladesh engaged in auditing and consultancy services. It was established in 1980. The firm has a very strong share of leading national and international enterprises operating in Bangladesh. It also serves many banks, financial institutions, pharmaceuticals, power generating, cement, textile, chemical and other service-oriented organizations including those funded by international donor agencies. Besides statutory audit it performs special audits of Insurance, Banks, BJMC, BTMC, BSEC, BCIC, BSFIC, REB, PDB, DESA and listed companies with stock exchanges.

It also provides consultancy services in the field of Inventory Management, Receivable Management, Asset Management, Human Resource Management, Procurement Management, Liquidity and Financial Planning, Feasibility Study, Accounting and Financial System Design, Accounting System Training, Implementation and Monitoring, Net worth Valuation, Financial Viability Study, Computerized General Ledger, Receivable and Inventory Accounting System Design and Implementation. Moreover, it is extensively engaged in Income Tax and Company Secretarial Services. We are extensively engaged specially in NGO audit and Performance Audit.

## 2.2 Vision & Mission

**Vision:**

To be the spontaneous choice of clients and professionals

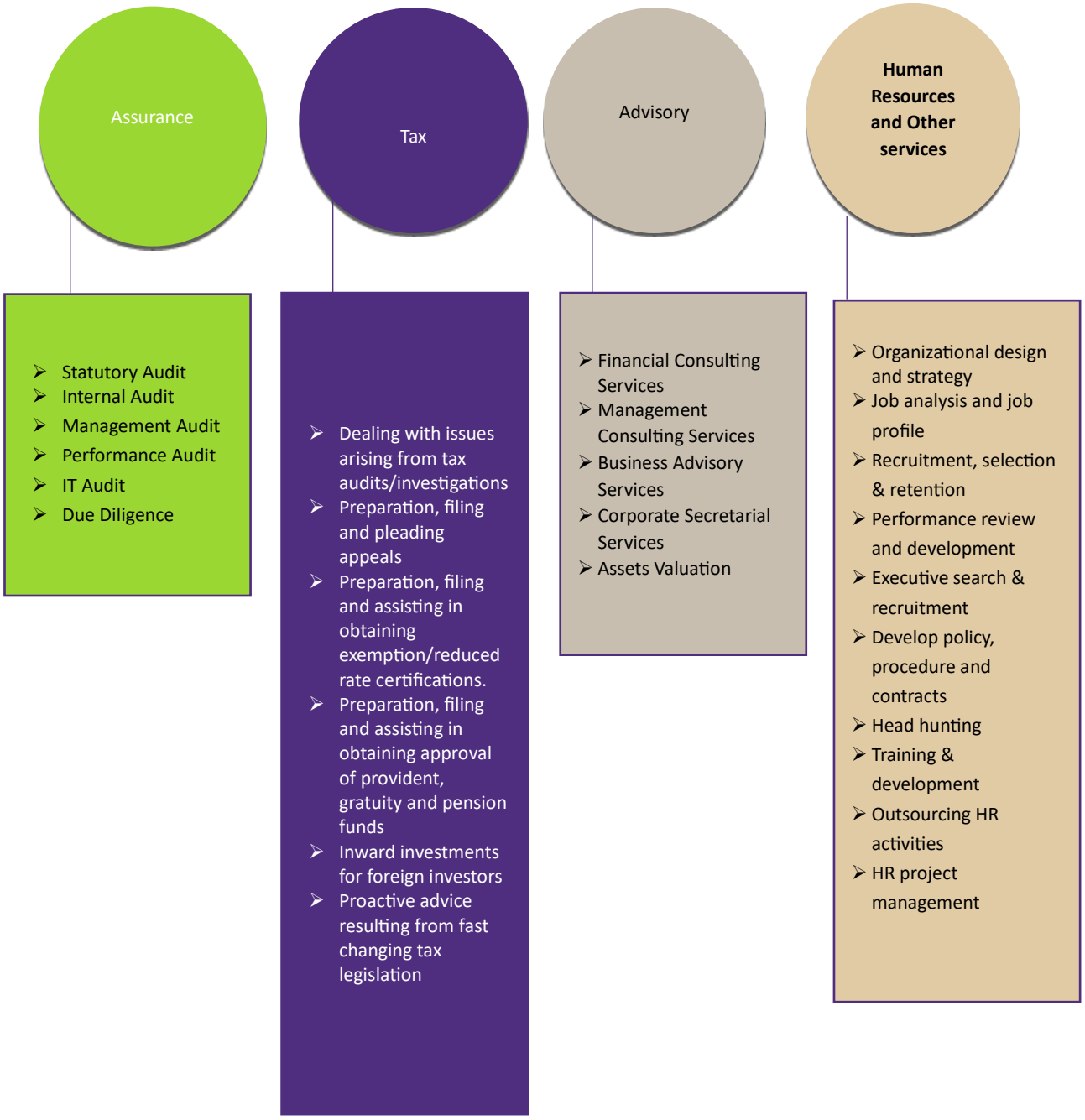
**Mission:**

- One stop, cost effective and quality services to client
- Hire, develop and retain skilled and creative workforce and quality professionals to meet clients' requirements to their optimum satisfaction
- Maintain highest standard of business ethics and values
- Continuous Research, Development and need based training for developing Human Resources

## 2.3 Office Location

The firm is located at Hometown Apartments (Flat-C, Level-15), 87 New Eskaton Road, Dhaka-1000, Bangladesh. This is a prime area of the capital city which is famous for nearby location of all business facility. Total office space is 2900 square feet which is well furnished.

## 2.4 AREAS OF EXPERTIZE OF THE FIRM



**2.5 Human Resource:**

| Particulars | Number |
|---|---|
| Number of Partners | Six (06) |
| Number of Chartered Accountants | One (01) |
| Number of CA Part Qualified Students | Five (05) |
| Number of CA Course Completed Students | Sixteen (16) |
| Number of CA Articled Students | 64 |

**2.6 Client Acquisition Process:**

- Tender/ E-Tender
- Promotion
- Relation
- Recommendation
- Reputation

**2.7 Team Composition:**

- Engagement Partner
- Director
- Manager
- Supervisor
- Senior article student
- Junior article student

**2.8 Audit Methodology and Practices of Kazi Zahir Khan & Co.**

Audit planning is an important initial stage of the audit process. Before starting detailed audit procedures, the audit team develops an understanding of the client's business, industry, accounting system, internal control environment, and significant areas of risk. Based on this understanding, the audit team determines the nature, timing, and extent of audit procedures.

Proper planning enables the audit team to focus its efforts on areas that require greater attention and helps ensure that the audit is completed efficiently and effectively.

The requirements are divided into structural components ensuring compliance with International Standards on Auditing (ISA).

**1. Customer Identification Program (CIP) Entity Verification:**

Trade License, Certificate of Incorporation, Memorandum and Articles of Association (MoA).

**Tax Documentation:** Tax Identification Number (TIN) certificate and Business Identification Number (BIN) certificate for VAT.

**Ultimate Beneficial Owners:** National ID (NID) cards, passport copies, and shareholding percentages of directors or primary owners.

**2. Understanding the Nature of Business & Control Environment Revenue Streams:**

Documenting the true nature of core operations and sales channels.

**Management Competence:** Assessment of whether management possesses sufficient knowledge and experience to operate the entity safely.

**IT Environment:** Documenting specialized accounting software, access controls, and risks arising from information technology.

**Funding Origins:** Verifying start-up capital, equity injections, and corporate loan sources to prevent money laundering risks.

**3. Risk Assessment & Anti-Money Laundering (AML)**

**Political Exposure:** Screening directors and key management for Politically Exposed Person (PEP) status.

**Regulatory Compliance:** Mapping the business's alignment with local rules, such as the Companies Act 1994, BSEC guidelines, or central bank circulars.

**Material Misstatement Screening:** Identifying areas where management exercises heavy bias or control overrides.

- **Gathering Background Information About the Business** (focuses on these questions):
  - What information is available about the prospective client?
  - What is the business reputation of the prospective client, including its owners, governance body, and management team?
  - How competent are those in charge of governance and management? (Assess their

qualifications and experience.)

- What is known about the integrity of key individuals in ownership and management roles?
- Is there a dominant Chief Executive?
- Can the auditor meet the Audit Committee without the presence of executives?
- What is known about the client's banking and legal advisors?
- What is the client's financial standing, including liquidity and overall viability?
- Does management have a significant personal financial interest in financial outcomes?

### 2.9 Auditor's Relationship with Client

An auditor's relationship with a client is a professional relationship based on independence, objectivity, confidentiality, and mutual cooperation.

**Professional relationship:** The auditor provides an independent opinion on whether the client's financial statements are fairly presented.

**Independence:** The auditor must remain independent from the client and avoid conflicts of interest or personal bias.

**Objectivity:** The auditor should make judgments based on audit evidence, not on the client's wishes or pressure.

**Confidentiality:** Information obtained during the audit must be kept confidential, except where disclosure is legally or professionally required.

**Cooperation:** The client must provide necessary records, documents, explanations, and access to employees.

**Professional scepticism:** The auditor should critically evaluate information and remain alert to possible errors or fraud.

**Communication:** The auditor communicates significant findings, weaknesses in internal control, and other relevant matters to management or those charged with governance.

**Fees and business interests:** Financial or other relationships with the client must not compromise the auditor's independence.

**Respect and courtesy:** Although the relationship should be cooperative, the auditor must not become so close to the client that professional judgment is affected.

## 2.10 Understanding the Entity (Prospective Client)

Before accepting a new audit client, Kazi Zahir Khan & Co. should obtain a sufficient understanding of the prospective client and its business. This helps them to decide whether to accept the engagement and identify potential risks.

**Important areas to understand**

**Nature of the business:** Understand the client's products, services, industry, and major activities.

**Ownership and management:** Identify the owners, directors, key management personnel, and their reputation.

**Business environment:** Consider economic conditions, industry trends, competition, and relevant laws and regulations.

**Financial position:** Obtain an overview of the client's financial condition, profitability, debts, and major transactions.

**Accounting system and internal control:** Understand how accounting records are maintained and how internal controls operate.

**Reason for the audit:** Determine why the client needs an audit and how the audit report will be used.

**Previous auditor:** Communicate with the predecessor auditor, where appropriate, to learn about reasons for the change and any significant issues.

**Management integrity:** Assess whether management appears honest and trustworthy.

**Independence and ethical requirements:** Determine whether the auditor can remain independent and comply with professional ethical requirements.

**Audit risk:** Identify unusual or high-risk areas that may affect the decision to accept the client.

## 2.11 Implementing the Audit Practice Manual

Implementing the Institute of Chartered Accountants of Bangladesh (ICAB) Audit Practice Manual (APM) is essential for member firms to ensure absolute compliance with International Standards on Quality Management (ISQM 1 and ISQM 2). This comprehensive roadmap provides structural phases, permanent audit file (PAF) tracking, and clear workflows to transition your practice to the updated quality standards seamlessly.

**Practical Implementation Steps**

**1. Leadership and Governance Accountability**

• Appoint an overall Quality Management Partner accountable for the entire system of quality management.

• Define formal channels for evaluating ethical requirements and annual independence confirmations.

**2. System of Quality Management Setup**

• Standardize client acceptance workflows utilizing

• Integrate mandatory routines to address AML and financing tracking risks.

**3. Human Resources & Training Integration**

• Train audit seniors, managers, and partners on utilizing the standardized Excel working paper templates.

• Link technical review structures directly to current versions of ISA and ICAB circular updates.

**4. Continuous Monitoring & Remediation**

• Establish an annual inspection program over completed engagement files.

• Document systemic deficiencies and issue firm-wide remediation directives promptly

**2.12 Audit Planning**

Planning for an audit under the ICAB Audit Practice Manual (APM) transitions the engagement from the Permanent Audit File pre-acceptance stage to active execution using the Current Audit File structure.

**a) Strategic Timeline & Team Briefing**

Audit Strategy: Outline the scope, timing and direction of the audit.

Resource Allocation: Define team structures, specialized sector assignments and budgets.

Brainstorming Session: Mandate a team meeting to discuss business risks and fraud vulnerabilities.

**b) Quantitative Materiality Setup**

Overall Materiality: Select an appropriate financial benchmark (e.g., 0.5%–1% of Revenue, 5% of Profit Before Tax, or 1%–2% of Net Assets).

Performance Materiality: Calculate a reduced threshold (typically 60%–75% of OM) to cushion against undetected misstatements.

### c) Risk Assessment Integration

Assertion-Level Risks: Map the risks identified directly to relevant assertions (e.g., Completeness, Existence and Valuation).

Significant Risks: Identify complex transaction streams, such as manual year-end journal entries or specialized revenue arrangements that require extra substantive testing.

### d) Design Internal Control Tests

Transaction Walkthroughs: Track a single transaction from initiation to reporting for major financial cycles (e.g., Revenue, Procurement and Payroll).

Testing Strategy: Determine whether the firm will adopt a Controls-Reliance Strategy (testing operating effectiveness to reduce substantive work) or a purely Substantive Audit Strategy.

## 2.13 Additional planning schedules

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

## 2.14 Audit Evidence

- **Audit Objectives:**
  The auditor should obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion.

  a) 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.

b) 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.
- **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.

c) 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 Understand ability** - 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.

### 2.15 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.

➢ **Completion Stage:**

The conclusion requires confirmation of several 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.

# CHAPTER - 3

# PRACTICAL EXPERIENCE AS AN INTERN OF KAZI ZAHIR KHAN & CO.

### 3.1 Overview of my internship

During my period as an intern at Kazi Zahir Khan & Co., I was deployed to ABC Company to assist in financial statement preparation, data analysis and core auditing operations. This placement served as a vital bridge between my theoretical academic foundation and practical field application, presenting a rigorous yet highly rewarding professional development experience.

### 3.2 Duties and Contributions

As an integral part of the engagement team, I executed several core responsibilities:

**a) Financial Statement Development:**

I actively assisted in compiling ABC Company's financial statements. This involved extracting, consolidating, and organizing financial data from trial balances, ledger accounts, and cash flow records. Utilizing specialized accounting platforms and advanced Excel functions, I ensured the precise presentation of financial positions.

**b) Financial Analysis & Diagnostic Review:**

I performed analytical reviews on the prepared statements. This included evaluating period-over-period financial trends, computing critical performance ratios and variances or accounting anomalies. These analytical outputs provided the senior audit team with data-driven insights into the client's operational stability.

**c) Audit Engagement & Fieldwork Support:**

Collaborating closely with senior audit professionals, I gained practical exposure to field audit methodologies. My responsibilities included executing substantive analytical procedures, performing transactional verification against source documents, and cross-checking compliance with applicable financial reporting frameworks and local regulations.

**d) Time Management & Workload Prioritization:**

In multiple audit tasks under compressed engagement timelines demanded strict professional discipline. This role sharpened my ability to prioritize deliverables, manage field hours effectively, and maintain momentum within structured project routines.

**e) Professional Communication:**

Operating within an experienced engagement team underscored the value of precise communication. I developed the capacity to articulate audit observations clearly, formulate targeted inquiries, and collaborate efficiently with team members to report financial findings.

**f) Detail Orientation:**

The meticulous nature of audit fieldwork enhanced my attention to detail. I cultivated a systematic approach to examining transaction trails, enabling me to identify underlying inconsistencies and documentation gaps critical to quality risk assessment.

**g) Technical Software Proficiency:**

The internship accelerated my hands-on mastery of modern accounting systems and digital tools like QuickBooks. Leveraging these platforms allowed me to streamline data processing and optimize working paper efficiency.

### 3.3 Complying Audit Procedure

**a) EOI**

EOI/Proposal sent to the client for audit work is the first step for audit.

**b) AGM**

Secondly, auditor appointment is done by AGM which is conducted by board of directors.

**c) Appointment letter**

After 1/2 days of AGM, the auditor sent the appointment letter to the auditor for offering the audit work.

**d) Professional clearance**

When auditor received the appointment letter then the auditor sent a letter to previous auditor for clearance to conduct the audit work.

**e) Risk Assessment & Acceptance procedure**

The auditor need to assess the risk for accepting the client & comply the acceptance procedure as per ICAB guidelines.

**f) Acceptance letter & Form 23B**

When the auditor received the clearance from previous auditor then they are prepared the acceptance letter & Form 23B as per Company Act 1994.

**g) Engagement Letter**

Engagement letter is the letter which is prepared for all kind of information is noted here with signature of company top management & the auditor.

**h) Deputation letter**

Official authorized letter for conducting team for the audit work.

**i) Entrance Meeting**

Auditor & the company management are arranged a meeting for conducting the audit work. Here the auditor mark some points & discussed about this.

**j) Documents Requisition**

As per financial statement & legal authorities required documents need to the auditor.

**k) Audit perform**

As per APM, auditor perform the audit work, verify the documents & collect findings.

**l) Draft Audit Report**

Performing the audit work, auditor prepared a draft audit report for respected client.

**m) Exit meeting**

The exit meeting is the final meeting for discussed the findings & others.

**n) Management Representation letter**

Company management provides a letter where they disclosed the rules & regulations complying or not complying by them.

**o) Audit Report**

Final report which is called audited financial Statement. The final audit report, including a summary of findings and recommendations.

**p) Audit Completion Certificate**

Finally complying the audit, company sent a letter to auditor for thanking them.

### 3.4 Financial Statements

In my internship period, I worked a renowned company. The Financial Statements of this company are given below:

**a) Statement of Financial Position:**

| ABC Company<br>Statement of Financial Position<br>As on 30 June 2025 | | | |
|---|---|---|---|
| **Particulars** | **Notes** | **Amount in Taka** | |
| | | **30-June-2025** | **30-June-2024** |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | 4.00 | 1,149,861,468 | 824,578,324 |
| Capital Work in | 5.00 | 111,884,207 | 49,673,591 |
| Investment in Share | 6.00 | 60,000,000 | 60,000,000 |
| | | **1,321,745,674** | **934,251,915** |
| **Current Assets** | | | |
| Investment in FDR | 7.00 | 225,701,524 | 405,701,524 |
| Inventories | 8.00 | 755,351,290 | 545,272,764 |
| Advance & Prepayment | 9.00 | 161,708,681 | 73,692,987 |
| Accounts Receivables | 10.00 | 294,205,637 | 207,230,252 |
| Cash & Cash Equivalents | 11.00 | 2,044,892,687 | 1,942,419,181 |
| | | **3,481,859,818** | **3,174,316,707** |
| **Total Assets** | | **4,803,605,492** | **4,108,568,623** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share Capital | 12.00 | 49,200,000 | 49,200,000 |
| General Reserve | 13.00 | 500,000,000 | 500,000,000 |
| Retained Earnings | 14.00 | 2,585,849,073 | 2,050,802,200 |
| | | **3,135,049,073** | **2,600,002,200** |
| **Non-Current Liabilities** | | | |
| Covid-19 Stimulus Loan | 15.00 | - | - |
| | | - | - |
| **Current Liabilities** | | | |
| Liabilities for Expenses | 16.00 | 103,736,332 | 43,241,458 |
| Provision for Tax | 17.00 | 78,353,656 | 73,692,987 |
| Accounts Payable | 18.00 | 266,999,757 | 267,315,621 |
| Loan from Director | 19.00 | 7,500,000 | 10,000,000 |
| Short Term Loan | 20.00 | 1,211,966,675 | 1,114,316,358 |
| | | **1,668,556,419** | **1,508,566,423** |
| **Total Equity and Liabilities** | | **4,803,605,492** | **4,108,568,623** |

**b) Statement of Profit or Loss and Other Comprehensive Income:**

## ABC Company

Statement of Profit or Loss and Other Comprehansive Income

For the year ended 30 June 2025

| Particulars | Notes | Amount in Taka | |
|---|---|---|---|
| | | 2024-2025 | 2023-2024 |
| **Revenue** | 21.00 | 5,372,772,200 | 5,360,702,923 |
| Less-Cost of Goods Sold | 22.00 | 4,595,271,046 | 4,675,975,951 |
| **Gross Profit** | | **777,501,154** | **684,726,973** |
| Less- Office and Administrative Expenses | 23.00 | 349,547,214 | 271,245,187 |
| **Operating Profit** | | **427,953,941** | **413,481,786** |
| Less-Financial Expenses | 24.00 | 2,152,828 | 10,269,968 |
| **Net Profit before others Income and Tax** | | **425,801,112** | **403,211,818** |
| Add-Other Income | 25.00 | 187,599,416 | 187,893,700 |
| **Net Profit before Provision for Tax** | | **613,400,528** | **591,105,518** |
| Less-Current Tax Expenses | 26.00 | 78,353,656 | 73,692,987 |
| **Net Profit after Provision for Tax** | | **535,046,873** | **517,412,531** |

## c) Statement of Changes in Equity:

**ABC Company**
Statement of Changes in Equity
For the year ended 30 June 2025

| Particulars | Share Capital | General Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|
| **Balance as on July 01, 2024** | 49,200,000 | 500,000,000 | 2,050,802,199 | 2,600,002,199 |
| Add. Profit for the year | - | - | 535,046,873 | 535,046,873 |
| Less. Last year AIT Adjusted | - | - | - | - |
| Less. Bonus share transfer to Retained Earnings | - | - | - | - |
| **Balance as on June 30, 2025** | **49,200,000** | **500,000,000** | **2,585,849,073** | **3,135,049,072** |

**For the year ended June 30, 2023**

| Particulars | Share Capital | General Reserve | Retained Earnings | Total Equity |
|---|---|---|---|---|
| **Balance as on July 01, 2023** | 49,200,000 | 500,000,000 | 1,533,389,668 | 2,082,589,668 |
| Add. Profit for the year | - | - | 517,412,531 | 517,412,531 |
| Less. Last year AIT Adjusted | - | - | | - |
| Less. Bonus share transfer to Retained Earnings | - | - | - | - |
| **Balance as on June 30, 2024** | **49,200,000** | **500,000,000** | **2,050,802,199** | **2,600,002,199** |

**d) Statement of Cash Flows:**

**ABC Company**
Statement of Cash Flows
For The Year Ended 30th June, 2025

| Particulars | Amount in Taka | |
|---|---|---|
| | **30-June-2025** | **30-June-2024** |
| **Cash Flow From Operating Activities:** | | |
| Net Profit | 535,046,873 | 517,412,531 |
| **Add. Amount Considered as non cash items** | | |
| Depreciation | 103,620,351 | 126,894,178 |
| | **638,667,224** | **644,306,708** |
| **Charges in Other Operating Assets & Liabilities** | | |
| Increase/Decrease in Inventories | (210,078,526) | 255,475,806 |
| Increase/Decrease in Advance & Prepayment | (88,015,694) | 12,587,504 |
| Increase/Decrease in Accounts Receivable | (86,975,385) | (207,230,252) |
| Increase/Decrease in Liabilities for Expenses | 60,494,874 | (188,829,370) |
| Increase/Decrease in Provision for Tax | 4,660,669 | 8,013,870 |
| Increase/Decrease in Accounts Payable | (315,864) | 77,955,022 |
| | **(320,229,926)** | **(42,027,420)** |
| **(A) Net Cash Provided By Operating Activities:** | **318,437,298** | **602,279,288** |
| **(B) Cash Flow From Investing Activities:** | | |
| Increase/Decrease in Income from Sales of PPE | 500,000 | - |
| Increase/Decrease in Investment in FDR | 180,000,000 | 21,186,032 |
| Increase/Decrease in Capital Work in Progress | (62,210,616) | (49,673,591) |
| Machinery Purchase | (429,403,494) | (125,513,077) |
| | **(311,114,110)** | **(154,000,636)** |
| **(C) Cash Flow From Financing Activities:** | | |
| Increase/Decrease in Covid-19 Stimulus Loan | - | (55,653,854) |
| Increase/Decrease in Loan from Director | (2,500,000) | (1,600,000) |
| Increase/Decrease in Short Term Loan | 97,650,318 | (58,480,254) |
| | **95,150,318** | **(115,734,108)** |
| **Net Increase In Cash (A+B+C)** | **102,473,506** | **332,544,544** |
| Add: Opening Cash & Cash Equivalent | **1,942,419,181** | **1,609,874,636** |
| **Closing Cash & Equivalent** | **2,044,892,686** | **1,942,419,181** |

**e) Notes to the Financial Statements:**

**Basis of Preparation of Statement of Compliance**

The Financial statements have been prepared in compliance with the International Accounting Standard (IAS) as prescribed and adopted by the Financial Reporting Council (FRC).

**Basis of Measurement**

The Accounts of the Company have been prepared on the historical cost convention on accrual basis and in accordance with International Accounting Standard (IAS). Wherever appropriate, such principals are explained in the succeeding notes.

**Functional and Presentation Currencies**

The Assets, Liabilities, Capital Fund, Income & Expenditure of the Company are stated in terms of Bangladeshi Taka (Local Currency).

**Reporting Period**

The Financial statements of the company cover one year from 01 July 2024 to 30 June 2025 followed.

**Fixed Asset & Depreciation**

No depreciation is charged on Land & Land Development. Depreciation on other items of Fixed Assets are stated at cost less depreciation showing the written down value. Depreciation on Fixed Assets is provided on Reducing balance method at the rates varying from 0% to 20% depending on the nature and useful life of Assets.

**Authorization for Issue**

The financial statements were authorised for issue by the Board of Directors.

**Functional and Presentation Currency**

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the company's functional currency.

**Accrual Basis of Accounting**

ABC Company prepares its financial statements, except for cash flow information, using the accrual basis of accounting. When the accrual basis of accounting is used, it recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework.

**Components of the Financial Statements**

(i) Statement of Financial Position as at 30 June 2025

(ii) Statement of Profit or Loss & Other Comprehensive Income for the year ended 30 June 2025

(iii) Statement of Cash flows statement for the year ended 30 June 2025

(iv) Statement of Changes in Equity for the year ended 30 June 2025

(v) Notes to the Financial Statement & Other Explanatory Notes for the year ended 30 June 2025

# CHAPTER – 4

# FINDINGS AND OPERATIONAL CHALLENGES

### 4.1 Findings

The findings are based on the audit procedures performed and observations made during the internship. These observations should not necessarily be interpreted as evidence of material misstatement or fraud; rather, they indicate areas where the company's accounting, control, documentation, and operational practices could be strengthened. These are given below:

**a) Effective audit planning and organization**

I observed that proper audit planning helped the audit team identify significant areas of risk and allocate appropriate time and resources to different audit procedures.

**b) Systematic collection of audit evidence**

The audit team placed emphasis on obtaining supporting documents such as invoices, vouchers, bank statements, ledgers, and other relevant records before reaching conclusions.

**c) Strong emphasis on professional skepticism**

During the audit process, I learned that auditors should not accept financial information at face value and should critically evaluate unusual transactions, inconsistencies, and supporting evidence.

**d) Proper documentation of audit procedures**

Working papers were maintained to document the procedures performed, evidence obtained, and conclusions reached. This helped establish a clear audit trail.

**e) Teamwork and supervision**

Audit assignments involved cooperation between seniors, juniors, and interns. Senior team members provided guidance and reviewed the work performed by junior members.

**f) Client Response Delays & Timeline Constraints:**

Audit teams frequently face operational bottlenecks due to protracted communication turnarounds from client management. These documentation bottlenecks compress execution windows, forcing staff to expedite procedures and potentially limiting the depth of the diagnostic review.

**g) High Engagement Rotation & Knowledge Gaps:**

The rapid, continuous rotation of junior auditors across multiple distinct engagements disrupts operational continuity. This structural turnover prevents field staff from developing a deep, granular understanding of client-specific business models, which can impact the consistency of risk tracking.

**h) Compressed Time Allocation for Complex Procedures:**

Inadequate budgeting of field hours for specific, high-risk audit tasks limits the ability to perform comprehensive transactional verification. This strict time constraint increases the risk of overlooking subtle financial anomalies or accounting discrepancies.

**i) Evidential Obstacles & Information Asymmetry:**

Fieldwork execution is regularly impeded by documentation barriers, including restricted system access, delayed retrieval of core ledgers, and difficulties verifying complex, non-routine transaction cycles. These data gaps directly test the completeness of the audit trail.

**j) Client Bias & Threats to Professional Objectivity:**

Subtle or explicit management pressures designed to shape audit outcomes present an active threat to auditor neutrality. Navigating these external pressures requires strict adherence to ethical standards to maintain professional skepticism and reporting integrity.

**k) Commercial Pressures against Modified Reporting:**

Engagement partners occasionally encounter commercial pushback aimed at avoiding qualified or modified audit opinions. This tension, arising from a client's fear of stakeholder or reputational fallout, creates friction when attempting to issue transparent, risk-reflective disclosures.

### 4.2 Operational Challenges

The operational challenges can have several effects on the company's activities and the audit process. Delayed information, inadequate documentation, manual processes, and weak reconciliation procedures may increase the time required to prepare and review financial information. These are discussing below:

**a) Delays in Receiving Information**

One of the practical challenges encountered during the audit was obtaining required information and supporting documents within the expected time. Auditors depend on timely access to records to complete audit procedures efficiently. Delays in providing information can affect the audit schedule and may require repeated communication with responsible personnel.

**b) Incomplete or Inconsistent Documentation**

Another operational challenge was dealing with documents that were incomplete, inconsistent, or required additional clarification. The audit team sometimes needed to obtain supplementary

evidence or explanations before completing particular audit procedures. This increased the time required for document verification and cross-checking.

**c) Coordination with Client Personnel**

Effective communication between the audit team and the company's employees is essential for a smooth audit process. During busy periods, employees may have difficulty responding to audit queries immediately because of their regular operational responsibilities. As a result, certain audit procedures may take longer than initially planned.

**d) Reliance on Manual Processes**

Where accounting or operational processes rely heavily on manual records, spreadsheets, or manual reconciliations, there is a greater possibility of human error and duplication of work. Manual processes can also make it more difficult to retrieve historical information and perform analytical procedures efficiently.

**e) Time Constraints During the Audit**

Audit engagements are generally subject to predetermined deadlines. The audit team must complete a substantial number of procedures within the available time while maintaining appropriate audit quality. During the internship, I observed that managing time effectively was particularly important when several audit areas required attention simultaneously.

**f) Difficulty in Obtaining Sufficient Appropriate Audit Evidence**

For certain transactions or balances, obtaining sufficient and appropriate audit evidence can be challenging when supporting documents are incomplete or explanations are not immediately available. This requires auditors to perform additional procedures, such as alternative document verification, reconciliation, analytical review, or discussion with responsible personnel.

**g) Changes in Accounting and Regulatory Requirements**

Companies need to remain updated regarding changes in accounting standards, taxation requirements, corporate regulations, and other applicable laws. Keeping accounting procedures aligned with changing requirements can be an operational challenge, particularly for organizations with limited specialized personnel.

# CHAPTER - 5

# RECOMMENDATIONS AND CONCLUSION

### 5.1 Recommendations

Based on the observations made during the audit and the operational challenges encountered, several recommendations can be made to improve the company's accounting practices, internal control system, operational efficiency, and financial reporting process.

a) **Establish Protocol-Driven Client Communication:** Audit teams must establish formalized communication protocols and binding information-delivery timelines at the engagement kickoff. Setting clear upfront expectations mitigates documentation delays and minimizes the operational bottlenecks caused by client negligence.

b) **Optimize Article Student Continuity and Mentorship:** Management should structure longer field rotations to allow article students to observe an engagement from initial planning through to final reporting. Ensuring junior staff are not prematurely rotated improves their holistic understanding of client business cycles and enhances work quality at Kazi Zahir Khan & Co.

c) **Calibrate Time Allocation and Project Milestones:** Engagement partners should reassess workload distributions and allocate realistic, risk-adjusted hours to complex audit tasks. Creating formal mechanisms for field teams to request justified deadline extensions prevents rushed execution and protects the depth of the audit.

d) **Enforce Strict Professional Independence and Partner Accountability:** Firms must aggressively reinforce compliance with international ethical standards to insulate staff from client bias. Partners must cultivate a culture that prioritizes professional skepticism over commercial relationships, ensuring that qualified opinions are issued whenever financial distortions demand them.

e) **Standardize Evidential Collection and Information Access:** Audit teams should deploy structured evidence-gathering protocols, ensuring direct access to primary source ledgers and system records early in the cycle. Clear escalation matrices must be designed to address management information gaps or restricted documentation access systematically.

f) **Implement Continuing Professional Development and Knowledge Sharing:**
The firm should introduce targeted internal training programs and peer-to-peer knowledge-sharing sessions for junior auditors. Coupling these learning frameworks

with senior mentorship bridges operational knowledge gaps and ensures consistent execution across all client files.

### 5.2 Conclusion

My internship at Kazi Zahir Khan & Co. provided comprehensive, practical exposure across the domains of financial accounting, corporate reporting, and statutory auditing. Working alongside seasoned practitioners allowed me to absorb industry best practices and practical insights. This engagement has significantly expanded my technical capabilities and professional acumen, establishing a robust foundation for my career as an accounting professional. I am deeply appreciative of the mentorship and guidance extended to me, which has equipped me to confidently step into the financial sector.

The study of the auditing systems of Kazi Zahir Khan & Co. demonstrates that an effective audit is not limited to checking the mathematical accuracy of financial statements. Rather, it involves a systematic process of understanding the client's business, identifying and assessing audit risks, evaluating internal controls, collecting sufficient and appropriate audit evidence, performing substantive and analytical procedures, reviewing financial information, and forming an independent professional opinion. The audit process requires professional judgment, skepticism, technical competence, confidentiality, independence, and careful documentation at every stage.

During the internship, I observed that audit planning is an important foundation of the overall audit engagement. Before performing detailed audit procedures, the audit team needs to understand the nature of the client's business, its accounting system, internal control environment, significant transactions, and areas of potential risk. Proper planning enables auditors to allocate their time and resources effectively and to focus greater attention on areas that may contain a higher risk of material misstatement.

The audit working process also demonstrated the importance of internal control evaluation. Internal controls play a significant role in safeguarding company assets, preventing and detecting errors and irregularities, ensuring authorization of transactions, and maintaining reliable accounting records. By reviewing control procedures and testing their effectiveness, auditors can determine the extent to which they can rely on the client's internal control system and design appropriate further audit procedures.

The internship also provided practical exposure to several common areas of audit work, including verification of cash and bank balances, examination of income and expenses, review of receivables and payables, inventory-related procedures, verification of fixed assets, examination of supporting documents, reconciliation of accounting records, and review of financial statement information. These activities helped me understand how individual transactions and balances are tested and how the results of individual audit procedures contribute to the overall audit conclusion.

The knowledge and experience gained during the internship will be valuable for my future academic and professional development. It has provided me with a stronger foundation in auditing and a better understanding of the responsibilities of audit professionals. More importantly, the experience has shown me that effective auditing contributes not only to reliable financial reporting but also to improved transparency, accountability, internal control, and confidence among users of financial information.

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