

INTERNAL AUDIT REPORT 2008

On

ASCENT

Management Service (Pvt.) Limited

**INVENTORY ASSET, DEED AGREEMENT, LOAN AND
ADVANCES, VAT/TAX, AUTOMOBILE ASSET, FIXED ASSET**

PREPARED FOR

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EAST WEST UNIVERSITY

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Subject: Submission of Internship Report on ASCENT Management service (Pvt.) Ltd.

Dear Sir:

It is my pleasure to submit the internship report on **Internal Audit of ASCENT Management Service (Pvt.) Limited**, which has been prepared as a partial requirement for the BBA program.

Utmost effort has been made in the report to give proper attention to details and to maintain clarity. I have enjoyed the internship period and learned a lot of things during this whole period. While preparing this report, I have tried to make it as thorough and comprehensive as possible by covering many issues from more than one angle. Still, if there is any room for further clarification or improvement, I will be glad to attend to it.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Tariqul Islam".

Md. Tariqul Islam

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ACKNOWLEDGEMENT

Before starting with the Internship Report I would like to thank our honorable lecturer **S I Nusrat A Chaudhury**, Associate Professor & Head of Career Counseling Center, Dept. of Business Administration East West University to give me such a golden opportunity to prepare this internship report. He assisted me to do the report on Internal Audit Department of ASCET Management service (Pvt.) Ltd, which is a mandatory requirement of the BBA Program. I also would like to thank **Mr. Md. Nazmul Ahsan**, who is the Manager of Internal Audit, asked me to prepare a report on internal audit department. With the kind assistance and guidance provided by him, I tried to complete the report with my best, I hereby present this report.

EXECUTIVE SUMMARY

In the last 30 years Scholastica has become every bit as special as **Mrs. Yasmeen Murshed** had envisioned. It continues to be the largest, most highly regarded English-medium school in Bangladesh.

Now the introduction of operations in new sectors has created a paradigm shift in the corporate mindset. The entire organization has been consolidated and realigned to a new focus. The common parentage and shared philosophy of Scholastica, Office and Home Solutions, SPEED, Etcetera, Scholastica Transport Services, Printcraft and Imagine keep them as close as branches of a giant tree. To render a shared identity to this close-knit group of companies, the Ascent Group has been established.

I have divided this internship report into three main parts. In the first part, I have discussed an overview of Internal Audit Department of ASCENT Management service (Pvt.) Ltd.

In the second part, I have discussed different internal audit report where myself have involved in the audit Team. I have tried to present all the important fact and clause of internal audit

At the latter part of the report, I have tried to highlight the performance of the Internal Audit Department of ASCENT Management service (Pvt.) Ltd.

Finally, I have tried to give some comments on the internal audit performance due to the involvement of myself.

AUDIT IN BANGALDESH

Auditing of financial statements of companies registered under the companies act 1994 is compulsory in Bangladesh. According to Sec 213(3), before acceptance of the International Standards of Auditing (ISA) by the Institute of Chartered Accountants of Bangladesh (ICAB), detection of errors and frauds, and prevention of errors and frauds were the two important objectives of auditing in Bangladesh. At present, Bangladesh follows ISA guidelines in auditing. Auditing practices are regulated by the Companies Act 1994, the Banking Companies Act 1991, the Insurance Act 1938, the Securities and Exchange Commission Act 1993, the Securities and Exchange Rules 1987, the Foreign Donations Regulation Rules 1978, and the Co-operative Societies Ordinance 1984. According to the Companies Act 1994, accounts of companies registered under this act must be audited by chartered accountants within the regulations of the Bangladesh Chartered Accountants Order 1973.

Accounts of enterprises under sector corporations are audited at three levels - corporations' internal audit departments, independent professional audit firms, and the Comptroller and Auditor General (C&AG) of Bangladesh. The employees of a corporation on special issues conduct internal audit, sometimes similar to an investigation, and often termed as management audit. The purpose of this audit is to check whether the corporation's rules and regulations are being properly followed at the time of execution of any policy.

OBJECTIVES

Broad Objective

The objective of this report was to describe the overall work experience during internship period at Internal Audit Department of ASCENT Management service (Pvt.) Ltd. Also it was attempted to see how organization would achieve specific objective through Internal Audit Department.

Specific Objectives

- To orient the reader with ASCENT Management service (Pvt.) Ltd. in brief and give an idea about its activities and performances.
- To describe best practice of Internal Audit Department in Bangladesh.
- To find out financial effect of Internal Audit Department at ASCENT Management service (Pvt.) Ltd.



LIMITATIONS

Although the officials were so busy, they gave me wholehearted cooperation in the time of Internship also in preparing this report. It was such a nice experience I have gathered from ASCENT Management service (Pvt.) Ltd. But I have faced the following problems that may be term as the limitations of the study.

1. Limitation of time would be one of the most important factors to collect data. A longer time period would have ensured a much better result for the study findings.
2. Every organization has its own secrecy that is not revealed to others. While collecting data i.e. while interviewing the credit officials they would not discuss much information for the sake of confidentiality.
3. Due to lack of experience, there is a chance of having some mistake in the report though best effort would be applied to avoid any kind of mistake.

METHODOLOGY

Secondary sources of information are used in writing this report. It is three months long internship program where I have worked at **Internal Audit Department of ASCENT Management Service (Pvt.) Ltd.** I have involved with audit team to conduct inventory asset audit, deed agreement audit, loan and advances audit, vat/tax audit, automobile asset audit, fixed asset audit. I have evaluated the audit program performance and try to present all the important fact and clause in this report.

Primary Source of Data

Primary sources of information are not used in writing this report

Secondary Sources of Data

To prepare this report, secondary data will also be collected from different sources. The sources are:

- Annual Reports of the companies
- Different web-sites of the companies
- Other published documents of the companies

Study instrument

This study is based on secondary information. Data prepare was done mostly with the help of Microsoft Word through different tools.

CHAPTER ONE



Introduction

Origin of Internal Audit Team

There are 4 members in Audit team including me, we first acquire knowledge of business under Audit this enable us to identify the events, transactions and practices which may have a significant effect on the Audit team. Next stage we study and evaluate how we would be work in internal controls.

I have been assigned ASCENT Group three month period as an Intern. I have to submit a report on what I do in office. Now I am writing a report in this regard

Company

At first company established in 1977 and ASCENT Group formally established early January 2008 which consist of eight different companies. These are SPL, OHS, STS, ETC, SPEED, PCL. Previously education was there main business but now business focus diversified to different site. Scholastica School (SPL) is an English medium school that is internationally accepted. ETC offer premium lifestyle retail store that meets international standards. Coffee World & Pizza Corner that is franchise of international Coffee & Pizza chain from Thailand. Book Express offers a wide range of high quality books and magazines in a lively yet relaxing atmosphere. OHS is dealing with interior designing and retailing business. Audit team is formed in 1997.

Company's Audit Purpose

As the size of the operations of ASCENT Group increase and nature of activities become complex, it becomes difficult for the manager to control the operations by direct and close supervision. Managing Director and Acting Chairman Mr. Syed Maher Murshed Chowdhury in such a circumstance established an efficient system of control which other name is **Internal Audit Department**.

Purpose of Internal Audit Department:

- 1) Efficient and orderly conduct of accounting transaction.
- 2) Safeguarding the assets in adherence to management policy
- 3) Prevention of error and detention of error.
- 4) Ensuring accuracy, completeness, reliability and timely preparation of accounting data.

Company's Present Audit Status

At present audit team is giving effort to Fixed Asset of the ASCENT Group. They would likely to under go other audit like HR activities, Vat-tax audit. Audit team already went through Inventory audit of ETC and Transport audit, Deed agreement of different premises.

Internal Control

The Board is responsible for ensuring that the Company has an adequate and effective control system in place. Although no system of internal financial control can provide absolute assurance against material mis-statement or loss, the Company's internal control systems have been designed to provide the directors with reasonable assurance that assets are safeguarded against unauthorised use by the employees and/or management and/or third parties, transactions are authorised and properly recorded and material error and irregularities are either prevented or detected within a reasonable period of time.

Properly designed management structure, clearly defined responsibilities, delegation of authority, establishment of accountability at each level and system of periodic reporting and monitoring performance are the key elements of the internal control framework employed in ASM.

The Audit Committee

The Audit Committee comprises of five Directors. The Company Secretary is the Secretary of the Committee. A director who has professional background in accounting and finance head the Committee. The rules of the Audit Committee clearly lay down its authority, responsibility and specific duties.

The Committee is empowered, among other things, to examine any matter relating to the financial affairs of the Company and to review all audit and inspection programs, internal control systems and procedures, accounting policies and adherence to compliance requirements, etc. This ensures that a sound financial reporting system is in place, which is well managed, providing accurate, appropriate and timely information to the Board of Directors and stakeholders.

The Chief Risk & Compliance Officer has direct access to the Committee and the Committee is directly reportable to the Board.

During the year under review, four Audit Committee meetings were held.

Functions and responsibilities of the Committee

- To assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the Company.
- To review the financial reporting process, the system of internal control and management of financial risks and the Company's processes for monitoring compliance with laws and regulations and its own code of business conduct.

- To ensure that Company has adequate process in place to safeguard the assets of the Company against unauthorized use by the employees/third parties and to ensure that expenses incurred by the Company are for the purposes of the Company.
- To evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensure that all employees have understanding of their roles and responsibilities.
- To review the arrangements made by the management for building a suitable Management Information System (MIS) including information technology system and its applications.
- To review the corrective measures taken by the management as regard the reports relating to fraud and forgery, deficiency in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authorities.
- To review the activities and organizational structure of internal audit functions and ensure that no unjustified restrictions or limitations are made.
- To do any other functions as the Board may require from time to time.

CHAPTER TWO

AN OVERVIEW OF IDEAL INTERNAL AUDIT

Origin of Audit

The origin of audit may be traced to middle ages but the audit in the present sense can be traced to aftermath of large scale production in consequence of industrial revolution during the eighteenth century. Goods produced for hand to mouth levels were started to be mass-produced for reaping the economies of scale and technology.

History of internal auditing

The Internal Auditing profession evolved steadily with the progress of management science after World War II. It is conceptually similar in many ways to financial auditing by public accounting firms, quality assurance and banking compliance activities. Much of the theory underlying internal auditing is derived from management consulting and public accounting professions. With the implementation in the United States of the Sarbanes-Oxley Act of 2002, the profession's growth accelerated, as many internal auditors possess the skills required to help companies meet the requirements of the law.

Internal audit

Internal auditing is a profession and activity involved in advising organizations regarding how to better achieve their objectives. Internal auditing involves the utilization of a systematic methodology for analyzing business processes or organizational problems and recommending solutions. Professionals called internal auditors are employed by organizations to perform the internal auditing activity. The scope of internal auditing within an organization is broad and may involve internal control topics such as the

efficacy of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets, and compliance with laws and regulations. Internal auditing frequently involves measuring compliance with the entity's policies and procedures.

Role in Internal Audit

It is the responsibility of the Internal Audit Department to test, evaluate and analyze the system of internal control employed by management, to safeguard organization assets and to ensure the accuracy of financial records. Moreover, the Internal Audit Department shall also review processes for compliance with all the organization policies and procedures, and promote operational efficiency when appropriate.

The Internal Audit Department shall provide, in co-operation with the Vice President for Finance and Administration, the President and the Audit Committee; the annual general audit plan for review and approval. Audit activities shall include, and are not limited to, the following:

- 1. Effectiveness and efficiency of operations.**
- 2. Reliability of financial reporting.**
- 3. Compliance with laws and regulations.**

Management is responsible for internal control. Managers establish policies and processes to help the organization achieve specific objectives in each of these categories. Internal auditors perform audits to evaluate whether the policies and processes are designed and operating effectively and provide recommendations for improvement.



Internal Audit Cycle

The major steps of the internal audit cycle adopted by the Internal Audit Office of the **Lebanese American University** are presented hereafter.

The steps are listed in the chronological order of their occurrence.

| |
|---|
| I. Risk Assessment |
| II. Background Information |
| III. Audit Program |
| IV. Notification to |
| V. Entrance Meeting |
| VI. Start of Fieldwork |
| VII. Progress Reports / Meetings |
| VIII. End of Fieldwork |
| IX. Draft Audit Report |
| X. Exit Meeting |
| XI. Management Response(s) |
| XII. Final Audit Report |
| XIII. Subsequent Events Review |
| XIV. General Provision |

The above are internal guidelines that are meant to brief auditees with the audit cycle.

The guidelines shall not limit the activities of Internal Audit or restrict alterations to such cycle, as may be deemed appropriate under the circumstances.

Advantage of Internal Audit

The benefit of the internal audit is that proper accounting system is introduced. Accounting system is a chain of activities in an entity by which transactions are processed for maintaining financial record. There is a need of orderly arrangement of personnel, procedures, records, forms and devices to achieve desirable results. The goals of business can be achieved if there is proper internal control, internal check and internal audit. It should be noted that management could rely on internal audit for best results.

The internal audit is beneficial top review progress of business concern. The figures of previous years are compared with this year. Moreover the performance results of similar



companies can be compared to determine the progress made by the entity. The management can review progress through internal audit. The internal audit is helpful to have effective control over business activities. The manager concerned can remove the difficulties for smooth working. Internal audit alerts the management for effective control

Role in risk management

Internal auditing professional standards require the function to monitor and evaluate the effectiveness of the organization's Risk management processes. Risk management relates to how an organization sets objectives, then identifies, analyzes, and responds to those risks that could potentially impact its ability to realize its objectives

Nature of the internal audit activity

Based on a risk assessment of the organization, internal auditors, management and oversight Boards determine where to focus internal auditing efforts. Internal auditing activity is generally conducted as one or more discrete projects. A typical internal audit project involves the following steps:

- A. Establish and communicate the scope and objectives for the audit to appropriate management.
- B. Develop an understanding of the business area under review. This includes objectives, measurements, and key transaction types. This involves review of documents and interviews. Flowcharts and narratives may be created if necessary.
- C. Identify control procedures used to ensure each key transaction type is properly controlled and monitored.
- D. Develop and execute a risk-based sampling and testing approach to determine whether the most important controls are operating as intended.
- E. Report problems identified and negotiate action plans with management to address the problems.

E. Follow-up on reported findings at appropriate intervals. Internal audit departments maintain a follow-up database for this purpose.

G. Projects typically take 8-12 weeks to complete, depending on the complexity of the business under review, management's availability to assist, and internal audit resources applied. Many of the above steps are iterative and may not all occur in the sequence indicated.

By analyzing and recommending business improvements in critical areas, auditors help the organization succeed.

Developing the plan of actions

Internal Audit standards require the development of a plan of audit engagements (projects) based on a risk assessment, updated at least annually. The input of senior management and the Board is typically included in this process. Many departments update their plan of engagements throughout the year as risks or organizational priorities change.

Internal auditors often conduct a series of interviews of senior management to identify potential engagements. Changes in people, processes, or systems often generate audit project ideas. Various documents are reviewed, such as strategic plans, financial reports, consulting studies, etc. Further, the results of prior audits and resolution of open issues are considered. For example, even if a business area is important, prior audit work and the nature and status of open issues may render further audit effort unnecessary.

Best Practices in Internal Auditing

Measuring the internal audit function

A best practice in measurement of the internal audit function involves a balanced scorecard approach. Internal audit functions are primarily evaluated based on the quality of counsel and information provided to the Audit Committee and top management. However, this is primarily qualitative and therefore difficult to measure. "Customer surveys" sent to key managers after each audit project or report can be used to measure performance, with an annual survey to the Audit Committee. Quantitative measures can also be used to measure the function's level of execution and qualifications of its personnel. Key measures include:

Plan completion: This is a measure of the degree to which the annual plan of engagements is completed, measured at a point in time. This may be measured using the number of projects completed, weighted by the planned size of each project, with estimates for projects in-progress.

Report issuance: This is a measure of the time elapsed from completion of testing to issuance of the final audit report, including management's action plans. This can be measured in average days or percentage of reports issued within a certain standard, such as 30 days. For example, a report for a single retail store requiring only the store manager's action might take 3-5 days to issue.

Staff qualifications: This can be measured through the percentage of staff with professional certifications, graduate degrees, and overall years of experience.

Staff utilization rate: This is measured as the percentage of time spent on projects, as opposed to administrative time such as training or vacation. Many internal audit departments track time by audit project. This is typically captured in a database or spreadsheet.

Staffing level: The number of positions filled relative to the authorized staffing level. Due to the challenge of finding qualified staff, departments may have rotational programs to bring in management to complete tours in the function or be "guest" auditors. Audit

departments also "co-source," meaning they obtain contract auditors from service providers.

Reporting of critical findings

The Chief Audit Executive (CAE) typically reports the most critical issues to the Audit Committee quarterly, along with management's progress towards resolving them. Critical issues typically have a reasonable likelihood of causing substantial financial or reputation damage to the company. For particularly complex issues, the responsible manager may participate in the discussion. Such reporting is critical to ensure the function is respected, that the proper "tone at the top" exists in the organization, and to expedite resolution of such issues. It is a matter of considerable judgment to select appropriate issues for the Audit Committee's attention and to describe them in the proper context.

CHAPTER THREE



Audit Team involved in Different Audit

Inventory Audit

Objective of Inventory Audit

- 1) To ensure all documents & records relating to sales & inventory of goods maintain properly.
- 2) To inspect reconciliation of physical inventory count to ERM Stock.
- 3) To ensure goods are kept in bins or on racks with complete description of each item
- 4) To inspect goods are protected against deterioration and misappropriation.
- 5) To identify the reason of missing products.
- 6) To identify products are in good conditions.
- 7) To ensure the products shelving system are proper and in save mode.
- 8) To evaluate physical security of inventories and environment in which they and held.

Aim of Inventory Audit

To detect discrepancies in physical inventory and evaluate problems relating inventory control system of ETC outlets and recommend solutions.

Inventory Audit Methodology

- a) Audit program was designed in consultations with Head of marketing and Merchandizing senior manager ETC, and concerned merchandisers.
- b) Audit Involved 100% physical counting of each item of individual brand and against ERM current inventory report and completed in one go.
- c) Physical stock counting of goods was conducted from the left to right & top to down.
- d) Physical counting was recorded in ERM inventory sheet.
- e) Products were properly re-shelved after counting and a label indicating, "Checked" was pasted on completed shelves.
- f) Discrepancies detected and clearly marked "Short" or " Excess" in Inventory sheet.
- g) Concerned Merchandiser will explain the reason of discrepancies, which will be noted in inventory sheet.
- h) Internal Audit Team conducted physical inception with the help of Ms. Shoma Zahid.
- i) Inspected price tag of each goods to identify and error in price tagging.
- j) Inspected the conditions of the goods and indicated remarks in case of any physical deterioration of goods.
- k) Physical inventory was audit conducted starting with Apparels and completed eight brands.

Scope of Inventory Audit

Inventory audit procedures included physical stock counting and cross match with ERM stock. In this manual procedure audit team member may be missing counted. Product code number had written both ERM stock and in-front product in a small front. Audit team haven't enough time to count the entire product in relax mode. Audit team arranging inventory audit through whole night.

Findings of Inventory Audit

Brand Khubsoorty

- 1) We have physically found 152 items out of 192 items in this brand. Total 40 items were missing where financial loss was approx TK 97800 as per MRP.
- 2) Display and shelving system was not good enough to attract the customers
- 3) Huge dusts were found in the shelves.
- 4) Found excess quantity against a code under this brand.
- 5) One women's Sandle was found without code and price tag.

Brand Wrangler

- a. We have physically fund 646 out of 655 items in this brand. Total items were missing were financial loss was approximately Tk. 11255.00 as per MRP.
- b. The items were found in different location in the outlet and mixed with other brand.
- c. Found one excess quantity against a code under this brand.

Recommendation:

1. The reasons for significant discrepancies of certain brands of Apprals may be investigated and reason find out by the concern department.
2. As a part of general inventory control procedure there should be a program of continuous inventory counting to ensure that:
 - Each item is physically inspected at least once in six month and more frequently in case of items liable to loss.
 - Adequate records are kept up to date
 - There should be appropriate reports and investigations procedure for discrepancies
 - Regular inventory checking will ensure increased discipline over store supervisors.
 - Discrepancies in between physical count and ERM stock are detected earlier.



- The management is better able to identify errors slow moving & deteriorated stock.
- 3. Shelving and storage may be in the same location of the same brand.
- 4. Goods inside cabinet may be properly packed.
- 5. Store supervisor may be more particular in fixing tag and product codes number on every item.
- 6. Store supervisor should be more particular in maintain cleanliness of shelves.

Audit for Loan & Advances

Objective of Loan & Advance Audit

1. To ensure Advance approved by Authorities
2. Evaluate the process of advance salary
3. To inspect advance payment according to the company policy
4. Recovery made as per rule of the company policy.
5. Submit proper document of receiving advance payment
6. Find status of loan or advance.
7. Find status of Advance outstanding with ageing.
8. Find undue delay in adjustment of advances.

Aim of Loan & Advances Audit

To perceive inconsistency in sanctioning loan & advance and evaluate problems relating loan advance control system of ASCENT GROUP and recommend solutions.

Methodology of Loan & Advance Audit

1. Review company policy and guidelines for approving loan and advance.
2. Reviews the decision of loan sanction committee and approval of competent authority.
3. Reviews application for loan with proper reasons and supporting documents.
4. Verified the documents for sanctioning advance and loan.
5. Reviewed the loan amount with the reference to loan policy.
6. Verified of financial record for payment of loan and subsequent recoveries.
7. Checked the ledger entry.
8. Verified recovery of loans with relevant records.
9. Inspected instances if anywhere the employee have already resigned & separated but loan amount still exists in ledger account.
10. Inspected reconciliation of loan and advances account with including subsidiary ledger.

Scope of Loan & Advances Audit

Our audit procedures included analyzing financial results, interviewing management and staff personnel, reviewing and documenting the department's procedures and examining supporting documents

Findings of Loan & Advance Audit

1. All applications were not field in a systematic and orderly manner.
2. Most of the applicants did not mention any specific reason for advance and did not submit any supporting documents as per advance policy.
3. Most of the applicants did not mention any specific reason for loan and did not submit any supporting documents as per loan policy.
4. In all cases deduction were found to be made as per terms of sanction order.

5. There were no instances of outstanding loan/Advances in respect of employees already resigned & separated from company.

Recommendation of Loan & Advance Audit

1. Loan sanctioning committee should give importance to field loan or advance application form in a systematic and orderly manner.
2. Employee must mention specific reason of requesting loan & advance.
3. Without submitting the supporting documents of sanction loan & advance management wouldn't be approve any loan or advance.
4. Responsible person who collect or deduct the monthly installment should be doing his/her job in orderly and timely manner.

Vat Audit Report

Objective of VAT Audit

1. To confirm maintaining of VAT books/ records as per VAT ACT.
2. Evaluate deduction of VAT/ TAX as per provision of law.
3. To ensure VAT/TAX accounts have been properly maintained in financial ledger.
4. To confirm deposited of VAT/TAX to government.
5. To inspect the process of maintaining proper accounts in a timely manner.

Aim of VAT Audit

To become aware of divergence in maintaining VAT Books and evaluate problems relating VAT/TAX collected and deposited control system of ASCENT GROUP and recommend solutions.

Methodology of VAT Audit

1. To inspect prescribed VAT books namely MASHOK ii and corresponding records maintained by the company. MUSHOK -19 (VAT Return), MUSHOK- 18 (VAT Current Account) is not applicable for suppliers VAT.
2. Inspected suppliers subsidiary ledger for VAT/TAX deduction against suppliers bill payments with references to VAT Rules.
3. Inspected accounts records for subsequent deposit of retained VAT/TAX with reference to treasury challan.
4. Inspected the closing balance of VAT/TAX payable accounts and reconciled with control ledger.
5. Consulted with manager finance and manager VAT regarding on general procedural in respect of any deviations.

Scope of VAT/TAX Audit

Our audit procedures included analyzing financial results, interviewing management and staff personnel, reviewing and documenting the department's procedures and examining supporting documents

Findings

1. VAT records are maintained by the company as par VAT rules
2. No significant deviations were found in complying with VAT rules and regulations in respect of VAT deductions.
3. Deviations observed in timely depositing retained VAT amount in to national exchequer within stipulated time of two months. In most cases VAT amounts were deposited a period of 4 months to 6 months.

Recommendation

1. Company should continue maintaining of VAT books/ Record as per VAT ACT.
2. Company should continue VAT/TAX deduction as per provision of law.
3. VAT/TAX accounts should be properly maintained in financial ledger.
4. VAT/TAX deducted at sources should be deposited in to government exchequer within stipulated time.

Deed Agreement Audit

Objective of Deed Agreement Audit

1. To ensure all documents & records relating to deed agreement of SPL, STS, ETC maintain properly.
2. To inspect all the important documents of agreement are kept in the archive system.
3. To ensure agreement papers kept in file in the cabinet with complete description of each agreement as per rule of the company policy.
4. To inspect agreement papers are protected against deterioration and misappropriation.
5. To identify deed agreement papers are in good conditions.
6. To ensure the shelving system of archive cabinet are proper and in save mode.
7. To evaluate physical security of agreement papers and environment in which they held
8. To ensure agreement papers scanned and saved in the IT Department safe place as per rule of the company policy.
9. Carefully read all the documents to identified important fact and clause of deed agreement.
10. Prepare an individual summary sheet of all department wise deed agreement.

Aim of Deed Agreement Audit

To prepare an effective archive system of deed agreement where respective person can take information or action. Observe variation in archiving system and evaluate problems relating agreement control system of ASCENT Management service (Pvt.) Ltd. and recommend solutions.

Methodology of Deed Agreement Audit

1. Audit program was designed in consultations with Secretary of company, Manager of Intern Audit and concerned top management.
2. Audit counted department wise deed agreement in the archive system.
3. Agreement papers were properly re-shelved after counting and a label indicating "Checked" was pasted on completed shelves.
4. Concerned employee will explain the reason of discrepancies, which will be noted in audit report.
5. Physical inception and analyzed deed agreement conducted by **Internal Audit Team** with the help of Mr. Md. Nazmul Ahsan, Manager of Intern Audit.
6. Carefully read all the deed agreement and saved in the IT Department safe place.
7. Un-scanned deed agreement papers send to take the necessary action.
8. Informed respective person about the summery sheet of deed agreement.

Scope of Deed Agreement Audit

This audit procedure included analyzing deed agreement, consult with management and employee personnel, reviewing and documenting the department's procedures and examining supporting documents.

Findings of Deed Agreement Audit

1. We haven't found all the deed agreement papers at one place.
2. There is no scroll system to collect or withdraw of deed agreement form archive system.
3. Display and shelving system was good enough to find specific agreement papers at the right time
4. Huge dusts were found in the shelves.
5. File and cabinet is not good enough to protect important deed agreement paper.

Recommendation of Deed Agreement Audit

1. The reasons for significant discrepancies of keeping deed agreement papers may be investigated and reason find out by the concern department.
2. As a part of general deed agreement archive system control procedure there should be a program of continuous Auditing to ensure that:
 - Each deed agreement papers are physically inspected at least once in six month.
 - Adequate records are kept up to date
 - There should be available and appropriate information are kept in respective person
 - Shelving and storage may be in the same location of the same department
 - Agreement papers inside cabinet may be properly packed.
 - Respective person may be more particular in fixing tag and agreement codes number on every documents

Automobile Audit

Objective of Automobile Audit

- 1) To ensure all documents & records relating to automobile maintain properly.
- 2) To inspect documents are renewed at the right time.
- 3) To ensure respective department have system to renewed necessary documents at the maturity.
- 4) To ensure respective person fill-up Blue-book at the end of drive.
- 5) Cross-match the physical kilometer with Blue-book kilometer
- 6) To identify the reason of not carrying important document with automobile.
- 7) To identify automobile's present physical conditions.
- 8) Identify repairable parts of automobile to next companies budget.

Aim of Automobile Audit

To ensure respective department of automobile maintain companies policy regarding automobile and evaluate problems relating automobile control system of STS department's and recommend solutions.

Automobile Audit Methodology

- a) Audit program was designed in consultations with Head of STS department and senior manager, concerned employee.
- b) Audit Involved 100% physical inspection of each automobile of individual category and against ERM current report and completed in one go.
- c) Carefully checked every document to giving preference of valid documents.
- d) Respective engineer run automobile in-front of audit team.
- e) Audit team carefully observed that each part of automobile is running.

- f) Audit team consult with driver of each automobile to identify previous performance the automobile.
- g) Audit team take suggestion from respective person of automobile.
- h) Discrepancies detected and clearly take a note to the audit sheet.
- i) Concerned employee will explain the reason of discrepancies, which will be noted in audit sheet.
- j) Internal Audit Team conducted physical inception with the help of Manager of STS

Scope of Automobile Audit

Inventory audit procedures included physical inspection of each automobile and evaluate necessary documents of automobile. As the entire audit team member are not expert with automobile parts and documents so audit team member may be missing evaluate the automobile parts and documents. Audit teams haven't enough time to inspect carefully each and every parts of automobile as automobiles were giving service to companies activities.

Findings of Automobile Audit

Microbus

1. We have physically found all the microbus at the place of audit
2. Three insurance documents are not found with automobile
3. Some light caching of microbus were broken.
4. Necessary documents not found at the right place.
5. There is miss-match with Blue-book present kilometer and physical automobile kilometer.

School Bus

1. We have physically found all the microbus at the place of audit
2. Bus equipment are not maintain properly
3. Huge dust found inside and outside of the school bus
4. Audit team marked some parts which should be repair to the next companies budget.

Private Car

1. All the private car was not possible to present at the audit place
2. There is miss-match with Blue-book present kilometer and physical automobile kilometer.
3. Audit team marked some parts which should be repair to the next companies budget.
4. There is no monitoring system of companies private car service.
5. Necessary documents not found at the right place.

Recommendation:

1. The reasons for significant discrepancies of automobile should be investigated by the concern department.
2. As a part of general inventory control procedure there should be a program of continuous automobile inspection to ensure that:
 - Each automobile is physically inspected at least once in six month and more frequently in case of items liable to loss.
 - Adequate records are kept up to date
 - There should be appropriate reports and investigations procedure for discrepancies
 - Regular Blue-book checking will ensure increased discipline over running automobile.
 - Discrepancies in between Blue-book record and physical kilometer are detected earlier.

- The management is better able to identify errors of managing all the automobile according to companies policy
- 3. Automobile should be parked at the safe place
- 4. Automobile supervisor may be more aware to supervise the service of automobile.

Conclusion

I have performed three month internship program and involved in five audits in the internal audit department where as individual report present at the above. Now I am presenting overall finding of internal audit department within my internship period at ASCENT Management Service (Pvt.) Ltd.

Incase of **Inventory Audit** in the Khubsoority brand audit team found 152 items out of 192 items in this brand. Total 40 items were missing where financial loss was approx TK 97800 as per MRP. Display and shelving system was not good enough to attract the customers. In the brand of Wrangler audit team found 646 out of 655 items where as financial loss was approximately Tk. 11255.00 as per MRP. Incase of Advance and Loan Audit most of the applicants did not mention any specific reason for advance and did not submit any supporting documents as per advance policy or loan policy. Deviations observed in timely depositing retained VAT amount in to national exchequer within stipulated time of two months. In most cases VAT amounts were deposited a period of 4 months to 6 months found at **VAT Audit**. There is no scroll system to collect or withdraw of deed agreement form archive system. File and cabinet is not good enough to protect important deed agreement paper observed at Deed agreement audit. Incase of Automobile Audit there is miss-match with Blue-book present kilometer and physical automobile kilometer. Audit team marked some parts which should be repair to the next companies budget.



Overall Recommendation

I have identified some recommendations as I have worked at Internal Audit Department aiming to close the gaps between objective of the organization and actual activities of **ASCENT Management Service (Pvt.) Ltd.**

Recommendations are following:

Incase of ETC outlets concern person should inspected each outlet at least once in six month and more frequently in case of items liable to loss. Regular inventory checking will ensure increased discipline over store supervisors. The management is better able to identify errors slow moving & deteriorated stock. Store supervisor may be more particular in fixing tag and product codes number on every item. Loan sanctioning committee should give importance to field loan or advance application form in a systematic and orderly manner. Without submitting the supporting documents of sanction loan & advance management wouldn't be approve any loan or advance. Responsible person who collect or deduct the monthly installment should be doing his/her job in orderly and timely manner. VAT/TAX deducted at sources should be deposited in to government exchequer within stipulated time. Each deed agreement papers are physically inspected at least once in six month. Respective person may be more particular in fixing tag and agreement codes number on every documents. There should be appropriate reports and investigations procedure for identifying discrepancies at automobile management. Regular Blue-book checking will ensure increased discipline over running automobile. Automobile supervisor may be more aware to supervise the service of automobile.

As per our course requirement I have present a report on what I did in the internship period. I try to write the report based on my experience in the work place. This experience enhances my practical knowledge.

REFERENCE:

Books

1. A Hand Book of Practical Auditing written by B. N. TANDON & S. SUDHARSANAM.
2. Contemporary Auditing written by KAMAL GUPTA.
3. Auditing Assurance Service written by ROBERTSON & LOUWERS
4. Auditing written by KURTPANY

Magazine

1. Business week published by the McGraw-Hill Companies name “The best performance”
2. Business world name “Inside Back Stone’ published at 31th march 2008.

Link

1. www.ascent-bd.com
2. www.banglapedia.com
3. www.scholastica.com
4. www.wikipedia.com

Vehicle Fleet Inspection Report

| | |
|-----------------|------------------------|
| Inspection Date | Vehicle Registration:: |
| Vehicle Type: | Date of Registration: |
| Driver's Name: | Present Kilometer: |
| Helper's Name: | |

A. Documents Inspection:

| SL# | Documents of Inspected | Status | Date of Renewal | Remarks |
|-----|------------------------|--------|-----------------|------------------------|
| 1 | Blue Book | Ok | - | - |
| 2 | Tax Token | Ok | 17/01/08 | Done |
| 3 | Fitness | Ok | 27/01/08 | Done |
| 4 | Route Permit | Ok | 28/01/10 | To be done on due date |
| 5 | Insurance | Ok | 14/01/09 | To be done on due date |

B. Technical Inspection:

| SL# | Inspection item | Condition | Remarks |
|-----|---|---------------|--|
| 1 | Engine condition | Good | Original engine cover lost |
| 2 | Brake system | Good | |
| 3 | Clutch system | Good | |
| 4 | Transmission system | Good | Gear lever, dust cover need cleaning |
| 5 | Steering system | Satisfactory | |
| 6 | Lubricating system | Good | |
| 7 | Cooling system | Excellent | |
| 8 | Electrical charging system | Satisfactory | |
| 9 | Ignition system | Excellent | |
| 10 | Fuel system(diesel) | Excellent | |
| 11 | Suspension system | Excellent | |
| 12 | Electric system | Satisfactory | Left indicator is broken an need fixing |
| 13 | Air condition system | N/A | |
| 14 | Tyre system | Satisfactory | Need two tyres for rear wheels. |
| 15 | Battery condition | Excellent | |
| 16 | Body condition | Satisfactory | Window glass found broken, and left side looking glass needs change. |
| 17 | Documents(Tax, token, fitness, route permit, insurance) | To be updated | |
| 18 | Tools & accessories | Good | |
| 19 | Upholstery | Satisfactory | |
| 20 | General Cleanliness | Satisfactory | |

