



United International University
QUEST FOR EXCELLENCE

Internship report on
**“Audit procedures of alternative cash incentive in ACNABIN
Chartered Accountants”**

Submitted To:

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Acknowledgement

At first, I would like to show my sincere gratefulness to Almighty Allah. By the blessings of Allah — The Most Gracious and Merciful, I started my internship in ACNABIN Chartered Accountants, and finally complete this report. After that, I would like to express my sincere thankfulness to my honorable supervisor **Mr. Md. Abdullah Babu** Sir, who has continuously supported, motivated, and supervised me with utmost consideration regarding this report. I would also like to thank all my other faculty members who taught me over the last four years of my university life.

I prepared this report on the basis of my working experience of 3 months at ACNABIN Chartered Accountants starting from October 22, 2020 to January 21, 2021. My colleagues at ACNABIN Chartered Accountants helped a lot by providing relevant information to complete this report. I have lots of memories and experience with my colleagues. It was a great journey.

My uttermost regard also goes to all my classmates who have supported me during this period. It was quite impossible for me to go on with this report without their support. Moreover, I would like to thank my parents who supported me in every steps of my life.

Last but not the least, I would like to express my warmest appreciation to my institution, United International University, UIU Career Counseling Center, and all the programs of my university for giving me the opportunity of self-development.



Letter of Transmittal

15.02.2021

Mr. Md. Abdullah Babu

Assistant Professor

School of Business and Economics

United International University

Subject: In concern of submitting an internship report on “Audit procedures of alternative cash incentive in ACNABIN Chartered Accountants”.

Dear Sir,

With due respect and humble submission, it is a great pleasure for me to submit the report on “Audit procedures of alternative cash incentive in ACNABIN Chartered Accountants”. I have to submit this report to complete my BBA in AIS degree from United International University. This report aims to familiarize the readers about how an auditor of ACNABIN Chartered Accountants identifies the true exporters who are eligible to get the cash incentive facilities from Bangladesh Bank. I tried my best to make this report as unflinching as possible by collecting relevant information. From this internship program, I came to learn and experience lots of practical things that an auditor face in their day to day work.

I, therefore, pray and hope that you would be kind enough to assess my report considering the limitations of the study. I would also like to thank you for your support that encouraged me to complete this report.

Sincerely yours,

Mehbub Ahmed Tasif

ID: 114 171 020

BBA in AIS

School of Business and Economics



Declaration

I, Mehbub Ahmed Tasif, the student of Bachelor of Business Administration in Accounting and Information Systems, ID: 114 171 020 would like to declare here that the presented internship report titled “Audit procedures of alternative cash incentive in ACNABIN Chartered Accountants” is solely prepared by me, under the supervision of, Mr. Md. Abdullah Babu, Assistant Professor, School of Business and Economics, United International University, after completion of the internship period in ACNABIN Chartered Accountants.

This report is prepared, and submitted for academic purpose only. It is mandatory to submit the internship report to complete the Bachelor of Business Administration (BBA) degree at United International University.

I am very glad to have the opportunity to prepare this report which enriched my knowledge of the theoretical concept. I enjoyed writing this report.

Mehbub Ahmed Tasif

ID: 114 171 020

BBA in AIS

School of Business and Economics

United International University



Executive Summary

The report titled “Audit procedures of alternative cash incentive in ACNABIN Chartered Accountants” is a result of the BBA in AIS internship program. This report is written on the basis of my practical knowledge which I got from working as an intern for three months in ACNABIN Chartered Accountants. This report is all about the procedures of cash incentive audit. Government motivates the exporters by providing them cash incentive facilities. But sometimes fake exporter claims incentive. Auditor’s duty is to identify the true exporter who is qualified enough to get the cash incentive facility. In this report, the purpose and reasons of cash incentive, procedures of checking the files, export documents, history of cash incentive, background of ACNABIN Chartered Accountants, services provided by the firm, culture of the firm, brilliant results of the students, and some other information are briefly discussed. Circulars of the Bangladesh bank is highly followed while auditing the incentive files. The first part of the report is about the reason, purpose, and limitations of this report. Second part describes the historical background of the firm and brilliant results in the CA exam. Third part is the literature review of the report. After that, fourth part of the report discusses the theoretical framework on audit procedures of alternative cash incentive. Then the fifth part of the report is the findings and analysis part where export documents, procedures of checking the files, query meet up with the applicant, and certificate signing by the partner of the firm is briefly discussed. There are some limitations I observed while working in the firm. I have suggested some recommendations to overcome those limitations and obstacles.



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Chapter 1: Introduction



Chapter 1

Introduction:

Internship opportunity is the working opportunity in a company, organization, or firm for a certain time period to gain practical knowledge and experience. Besides the theoretical knowledge that we learn from our educational institutions, we need to know the practical knowledge and experience to develop our career goals. It is also a great opportunity for a student to develop a professional network.

In addition to academic education, it is quite difficult for a student to experience any practical knowledge about the business world. So, students get the opportunity to work in an organization and gain practical knowledge through this internship program. It transforms the theoretical base into practical knowledge.

As part of my BBA program, this internship opportunity allowed me to gain practical knowledge about how a CA firm operates in Bangladesh. I did cash incentive audit of an organization named “Reedisha Knitex Limited” under the cash incentive team of ACNABIN Chartered Accountants. I will discuss my experience in this report. This report is the last requirement to get the BBA degree from the university.



Objective of the study:

We only learn theoretical knowledge in our education system. But the real world is very much different from our text books. That's why practical knowledge is required in the job market. Without practical knowledge there is no value here. A graduate lacks the practical knowledge. That's why internship program is mandatory for a student to complete his/her BBA degree. The purpose of the study is given below:

- Learning the audit activities of a Chartered Accountancy Firm.
- Adjusting in an organizational atmosphere.
- Assessing the cash incentive audit.
- Understanding the money review policy of the firm
- The knowledge of cash incentive can boost up the export sector of Bangladesh.
- Providing some of my personal suggestions based on my experience.
- Giving recommendations to develop the audit procedure further.



Methodology of the study:

I have prepared the internship report through the experience and knowledge which I have gathered by the help of my seniors, colleagues, and supervisors. This part of the report mainly covers about how I have collected the necessary data. I have worked mostly with secondary data to prepare this report. I will discuss about this data collection here.

Data sources: I have collected data from both the primary and secondary sources to prepare this report. But an auditor do not have enough time to collect data from the primary sources. So, that's why most of the information of this report is prepared on the basis of secondary data.

Primary sources:

- Got information from talking with the applicants who claimed cash incentive.
- Some information was taken from the factory visit of an applicant.
- Communicating with my senior colleagues and supervisor of my team.

Secondary sources:

- Original BGMEA, BTMA, PRC found in the incentive files.
- Website of Institute of Chartered Accountants of Bangladesh.
- Checklist of ACNABIN Chartered Accountants.
- Internet was the main source from where I collected the rest of the data.



Limitation of the study:

Nothing is hundred percent perfect in this world. There is limitations and challenges in every work. I am also a part of this world. I tried my best to keep the report as perfect as possible. But still there remains some limitations which I will mention here:

- It is quite difficult to cover all the topics of cash incentive in this short time period.
- Three months is a very short time to collect all the information.
- Many internal information was not revealed because of confidentiality purpose.
- I was unable to go through all the circulars of Bangladesh Bank.
- As an intern I got limited amount of work responsibility.

The main limitation is the confidential information of the firm that I cannot reveal to the outsider. I was the most junior in the firm and my designation was intern. So, that's why seniors did not gave much responsibility to me. I was specialized in checking the export documents of the file. But as I was not a trainee student



Chapter 2: Organizational Background



Chapter 2

Overview of ACNABIN Chartered Accountants:

ACNABIN is one of the best CA firm in Bangladesh. It started their journey in February 1985. For about more than 31 years, they are providing successful services to their clients. The vision of ACNABIN leads to learn, grow, cooperate, and builds leadership. This firm is now one of the leading, and reputed firm in Bangladesh.

The name “ACNABIN” is actually the first letter of seven partners who united their knowledge, experience, and skills and formed the firm in 1985. (Our Partners , 2021)

Acronym	Name
A	ABM Azizuddin
C	Chowdhury Anwaruddin
N	Abu Syed Mohammad Nayeem
A	Mohammad Akhtaruzzaman
B	ATMA Bari
I	Iftekhar Hossain
N	Mohammad Nurun Nabi

Figure: Founding Partners of ACNABIN Chartered Accountants

At present there are nine partners who provides multidisciplinary services like auditing, accounting, consulting, taxation etc.

- ABM Azizuddin, FCA
- Iftekhar Hossain, FCA
- A.S.M Nayeem, FCA, FCCA
- ATMA Bari, FCA, FCEA
- Md. Moniruzzaman, FCA
- Md. Rokonuzzaman, FCA
- Md. Mominul Karim, FCA
- Md. Reajul Islam, FCA
- Muhammad Aminul Hoque, FCA

These are the name of ACNABIN’s current partners who are now providing multidisciplinary services through their knowledge, experience and professional skills.

ACNABIN is a student friendly firm. Every year students of this firm achieves brilliant results. I am very proud to be a part of this renowned organization. The brilliant result of last three session of ICAB’s examination is given below:



November-December 2020

Exam	ACNABIN's results as a percentage of ICAB results.			ACNABIN's positions among the Firms.
	ICAB Total Pass	ACNABIN pass	%	
Certificate Level	125	18	14%	First
Professional Level	33	9	27%	First
Advance Level	35	6	17%	First (Jointly)

November-December 2019

Exam	ACNABIN's results as a percentage of ICAB results.			ACNABIN's positions among the Firms.
	ICAB Total Pass	ACNABIN pass	%	
Certificate Level	160	12	8%	Third
Professional Level	58	11	19%	First (Jointly)
Advance Level	44	2	5%	

May-June 2019

Exam	ACNABIN's results as a percentage of ICAB results.			ACNABIN's positions among the Firms.
	ICAB Total Pass	ACNABIN pass	%	
Certificate Level	206	27	13%	First
Professional Level	60	4	7%	
Advance Level	46	8	17%	First



Chapter 3: Literature Review



Chapter 3

Literature review:

Government assistance:

Bangladesh is a third world country and the economy of Bangladesh is yet heavily and unfavorably dependent upon foreign currency. That's why government tries its best to strengthen the export of our country. (Hossain M. J.)

In order to strengthen the export in Bangladesh, assistance comes in three forms from the government. They are given below:

- 1) Bonded Warehouse
- 2) Duty Drawback
- 3) Cash Incentives

Now, let us see that how these assistance works.

Bonded Warehouse:

It is a facility for importing packaging materials and raw materials which is provided to export oriented industries. It is totally free from paying duty or taxes.

Products are delivered legally and safely to the customers from the companies who use bonded warehouses facilities. It is under customs law and it is much secured. The goods are documented and well taken care of. (Jules, 2019)

In Bangladesh, bonded ware housing benefit is provided to encourage export oriented industrialization by The National Board of Revenue (NBR). It facilitates export. It is very important for a wide range of industries, which are export-oriented because it enhances their competitiveness.

Both the direct exporters and deemed exporters enjoy the Bonded Warehousing facility. Deemed exporters do not have any direct export operations. Their exporting activities are conducted through contracting. Through local back-to-back letters of credit they receive their proceeds for their activities in foreign exchange.

Interested enterprises who wants to avail the Bonded Warehousing facility will have to take a Bond License from the Customs Bond Commission. These Bond License are issued and maintained as per the Bonded Warehouse Licensing Rules, 2008. (Bangladesh Customs, National Board of Revenue (NBR), 2020)

Duty Drawback:

It is a trade program that allows to claim a refund of duties, taxes and certain fees paid by the importers, exporters, and manufacturers. Specially, if the imported goods are destroyed or subsequently exported to another country then the importer can claim this refund. (Gordon, 2020)



The refund of the duties paid on goods is known as duty drawback. Both the importer and manufacturer/exporter can be the drawback claimant. (Co, 2020)

The refund we get from the taxes or duties paid on raw materials which have been used in manufacturing the exported goods and services is known as duty drawback. Actually it is the refund of the duties and taxes against export. All the exporters from Bangladesh are zero rated except for a few ones. It means that the raw materials utilized for the manufacturing goods and services are exempted from duties taxes and if it is paid then it is refundable. (Bangladesh Customs, National Board of Revenue (NBR), 2020)

Cash Incentives:

There are many reasons for providing the cash incentives. Like the foreign direct investment increases and the export of domestic goods increases because of cash incentives. A country's government provides this help in the form of monetary, tax or legal incentives. Export incentive is provided by the government to the exporters, to increase their export. In the global market it keeps the domestic products competitive. (Ema, 2017)

The client should be certified as a genuine exporter to get the cash incentive facility. The exporter will get cash incentive from his total export value. (BASIS, n.d.)

The main reasons behind providing the cash incentives is given below:

- a) The export of the country increases.
- b) The backward linkages of different sectors establishes.
- c) Foreign remittance increases.
- d) Foreign currency reserve increases.
- e) Instead of foreign raw materials the local raw materials are used.
- f) The local raw materials and finished products are made competitive than that of neighboring country like India.
- g) New countries for export is found and export increases. (Ema, 2017)

Conditions for availing cash incentive facilities:

There are different conditions for different sectors which should be fulfilled to avail cash incentive facility. Some of those conditions are given below:

- For RMG exporter, the production of the items should be from local yarn collected from a member of the Bangladesh Textile Mills Association (BTMA).
- For the exported items from any process from cotton to yarn, fabrics and RMG there will be no duty draw back facilities and bonded warehouse facilities.
- Only one party will get cash incentive among the fabrics supplier, yarn manufacturer, and exporter.
- The application for cash incentive should be submitted to the negotiating bank within 180 days of the realization date. (Nayon, 2015)

The exporter will wait till the money for the export of products is realized. After the money is realized the exporter can apply for the cash incentive to the bank. After that there will be an



audit conducted by the firm. After the audit, the firm will provide a certificate to a branch of the bank and it will be forwarded to the bank's head office. Then the certificate will be placed to the Bangladesh Bank. Finally, Bangladesh Bank will disburse the incentives at a specific rate which is declared earlier. (Hossain M. I., 2020)

Currently the main reason behind the global economic crisis is the full dependency on export dependent economies. If we compare with the last decade then the major industrialize countries like China, India, Japan exported goods declined. And our country is not far behind that. (Hossain M. A., 2015)

In order to encourage exports, cash incentives are given to selected export sectors. The sectors which will get the cash incentive facility and the rates are updated every year through circulars issued by Bangladesh Bank. (TRIBUNE, 2020)

The History of Cash Incentives in Bangladesh:

Cash incentive facility was available to RMG and Special Textile Units from the inception in 1986. They are not chosen to use the duty drawback and bonded warehouse facilities. (Jurists, n.d.)

In 1994, Cash Compensatory Scheme (CCS) was first introduced. It is a mechanism which motivates to increase export and establish the backward linkage. This facility was available to RMG and special textile units at that time. These units cannot use the bonded warehouse facilities and duty draw back facilities. 15% of FOB export value was the rate of cash incentive. For the economic development of the country this facility was introduced. It increased the export through establishing backward linkage. Only those who use their raw materials from their country will enjoy these facilities.

The total export and use of local raw materials were increased by this facility and it was observed by the government. Then this facilities were expanded to several sectors such as Jute, Agro, and Frozen Shrimp etc.

More than seventy six percent of the total earnings of Bangladesh is from the textile sector. So, in 1994 the government provided cash incentive to the suppliers and producers of fabrics from the central bank through their negotiating bank. Government decided to stop providing this facility after 30th June, 2005. But still this facility is continuing.

From its commencement the internal auditor of the negotiating bank audited the cash incentive. A lot of inconsistency is found by the Bangladesh Bank like false statement, fake exporter or fake importer etc. So in 1997 Bangladesh Bank ordered to submit the case in their negotiating bank and then the audit was done by Bangladesh Bank's auditors.

After that, in 2002 the auditors of the negotiating bank was appointed by the Bangladesh Bank to audit the cash incentive cases. The fund is disbursed by the Bangladesh Bank to the negotiating bank on the basis of incentive applied and after that the fund is disbursed by the bank on the basis of certificates given by the audit firm. A set of TOR is given by the Bangladesh Bank which orders how the audit work should be done. (Nayon, 2015)



Cash Incentive Audit Procedure in ACNABIN:

The cash incentive and subsidy audit is all about checking relevant documents and calculating the amount. There may or may not be a mismatch between the auditors calculation and the circulated amount of Bangladesh Bank. The clients will only get the certificate from the audit firm if the documents are ensured to be relevant and reliable. The calculations should fulfill the Bangladesh Bank's circulated amount. The sole authority to provide the cash incentive facility is possessed by the Bangladesh Bank in our country. (Khanom, 2019)

Before discussing the Audit procedures of ACNABIN, I will focus on the engagement procedures through which they are recruited/engaged to perform audit. There are three kinds of situations in this process. They are given below:

- Client is appointed directly
- Engagement with existing client
- Engagement with new client.

ACNABIN and clients exchange some letters before starting the audit work. We will get to know more details about it from this following report. (Turin, 2015)

At first, an application for cash incentive is submitted to the bank by the exporter. After that, bank attests, and corrects the errors in the document. Then a letter is issued to the concerned partner of the audit firm (ACNABIN) to conduct an audit. ACNABIN then sends auditor to the bank. Auditors check all the documents very carefully. Some of those documents are Commercial Invoice, Packing List, Bill of Lading, Bill of entry, EXP Form, Proforma invoice, Back to back LC etc. These documents are checked thoroughly to ensure whether the applicant submitted any fraudulent documents or not. Then there will be another final check by the concerned partner before the issuance of cash assistance certificate. Finally, the certificate is signed by the partner. Then this certificate is submitted to the Head office the bank. At last, bank sends the certificate to the central bank. (Hossain M. I., 2020)



Chapter 4: Theoretical Framework



Chapter 4

Theoretical Framework:

Definition of Audit:

When an independent body officially inspects an organization's accounts then it is known as an audit. An auditor have to accumulate and evaluate every pieces of evidence. The pieces of evidence are quantifiable in nature. These will help a practitioner to express a conclusion to enhance the degree of confidence of the intended user.

Definition of Accounting:

Accounting records the financial transactions of a business. It is actually the process of summarizing, analyzing and reporting these transactions to external and internal stakeholders like agencies, regulators, tax collection entities, etc. The summary of the whole year's transactions is known as financial statement which is prepared by every organizations. (FERNANDO, 2020)

Difference between Accounting and Auditing:

Both accounting and auditing are important for an organization. Accounting is carried out by the internal employees and auditing is carried out by an independent third party.

Accounting focuses on preparing and recording all financial transactions and statements. On the other hand, auditing focuses on critical evaluation of financial statements and giving an unbiased opinion. (Singh, 2018)

Anyone who has the basic knowledge of accounting will be able to prepare the accounting records. So, there is no formal education required for them. But an auditor needs some certain formal qualifications before determining the fairness of the accounting records.

When the bookkeeping procedures end, auditing procedures start. So, we can say that without accounting one cannot start audit procedures. (Hossain M. I., 2020)

Requirements of an effective audit and auditor:

An auditor must keep certain attributes to complete an audit properly. They are given below:

- The auditor must have a basic knowledge of GAAP.
- They must have the idea of evidence gathering and evaluating to complete a company's audit report.
- They must have a systematic perceptive of the entity being audited.

If we want to agree with a chartered accountant then a person must fulfill the following requirements:

- Experience in the CA firm
- Educational Background
- The Testing requirement



Statutory Audit:

When a chartered accountant do an annual audit to verify the fairness of the financial statements is known as a statutory audit. Through a statutory audit a chartered accountant ensures that the financial statement is free from any kind of material misstatement, misrepresentations, and frauds.

Here, the main motive is not much different from that of another financial statement auditing. It is the engagement to audit the financial statements by independent auditors.

Compliance Audit:

Some higher authority set down rules or procedures which is followed and independently evaluated by an auditor. Here, the results are reported to someone who is working inside the organizational unit rather than to a board spectrum of users. As opposed to outside users, management is concern with the extent of compliance with certain prescribed procedures. It is concerned with auditing transactions, detailed records and identifying problems.

Internal Audit:

Internal auditing is an independent consulting activity to add value and it makes the organization more efficient, and effective by developing its operations. It brings more disciplined, and systematic process to exhibit, assess, and raise the proficiency, and effectiveness of risk management control and corporate governance processes.

In an organization the scope of internal auditing is very wide. Because it involves important topics like corporate governance, management of risks, and other management controls. But the internal auditor are not responsible for any kind of company activity's executions. They actually advise to improve the overall management control of the organization. (TUOVILA, 2020)

External Audit:

When an examination is conducted by an independent accountant then it is known as an external audit. A certification of the financial statement is required by certain investors and lenders which is intended to result by this type of audit. The motive of this type of audit is to determine the accuracy and completeness of the client's accounting records. The client's records should be prepared in accordance with the applicable accounting framework. (Bragg, 2020)

As per specific established rules, and principles or standards, an external auditor performs the audit of an organization, company or entity. The auditor should not contain any forms of influence by the organization they are auditing.

Actually, the investors who want to invest in the company, governmental agencies are the users of the financial information. These users rely heavily on the report of the external auditors to take important decisions.



Difference between Internal Audit and External Audit:

There are some differences exists between an internal audit and an external audit. At first, the internal audit helps the management of an organization to make their operations more proficient and effective. And on the other hand, an external audit is conducted to help the investors, government, shareholders and other users of financial information of an organization to make sure that there is no material error, and fraud. This is the first difference between these two audits.

Secondly, internal auditors are hired by the management whereas external auditor is appointed by the shareholders and other higher authorities.

Thirdly, the internal audit makes the activities of an organization more proficient and effective and it is a part of the internal control. But the external audit cannot suggest anything for the improvement of the organization because it is not a part of the internal control.

Furthermore, external auditor's scope of activities is limited as per the terms of other prescribed laws and appointment and he is a third party for the company. Whereas internal auditor's scope of activities is limited under the terms of appointment and he can be an employee of that company.

Letter of Credit:

When a bank is guaranteeing through a letter that a buyer's payment to a seller will be received on time and for the correct amount then that letter is called a letter of credit. It is a mechanism that is used in the settlement of international trade. By any chance if the buyer is unable to make the payment then the bank cover the payment of the purchase. It is also known as letter of undertaking or documentary credit or documentary credit etc. (KAGAN, 2020)

If any exporter wants to export something then he/she have to contact with the foreigner who is interested to import his product. After that there will be a contract between the exporter and the importer which is known as the sales contract. But in international trade only sales contract is not enough. One cannot only rely on the sales contract and start doing business. For this reason the letter of credit is important because the bank is taking the responsibility here. This is very much important when both the parties are not known to each other and they are separated by different countries with different rule, regulations, laws and trading customs.

Freight:

The payment or charge for transportation of goods and commodities or carriage by land, air or sea is called freight. We can transport goods on a freight collect or freight prepaid basis.

When the importer pays the transportation cost at the time of their receiving goods then it is known as freight collect. On the hand, when the shipper or exporter takes the responsibility to pay the transportation cost then it is known as freight prepaid.

The goods that is handed over to the carrier against bill of lading remains at the property of the consignee if the freight is paid by him under the FOB terms. And if the freight is paid by the consignor under C&F and CIF terms then the goods remain at the property of the consignor.



Terms of Reference:

Terms of reference (TOR) is the reason and structures of a meeting, committee, project, negotiation, or any other equivalent collection of persons or entity who have agreed to work together to achieve a common shared goal.

We can see the way of defining, developing, and verifying an object which gives a meaningful sense by the terms of reference. Some documented proof should be provided by the terms of reference for making decisions in the future, developing common mutual understanding of the scope among stakeholders who have particular self-interest.

As the visions, objectives and scope which have to be achieved is defined, so it is critical to define the detailed terms of reference. Furthermore, the stakeholders' information, their roles and responsibilities will be involved. TOR discusses about achieving the resources, financial, and quality. Success factors like risks and constraints should be included in TOR.

No Objection Certificate (NOC)

We can call no objection certificate as a type of legal certificate which is also known as NOC. Any government agency, institutions, organizations, and individuals can issue this type of certificates. These certificates is a proof that there is no objection about the covenants of the certificate. These type of certification is a basic requirement and very much significant for most of the government-based section.

Audit Engagement:

At the initial stage of audit procedure an audit engagement is considered. It is alluded to as a condition through which an audit action takes place. Involvement or starting up a procedure is called engagement. A Chartered Accountant firm gets the access of the client's financial statement through an engagement letter in the audit procedure. If we want to be more specific, then an auditor can connect with the clients and notify them about his accepting the audit work and clarifying the audit's purpose and scope. Furthermore, an audit engagement should be a written letter by which the auditor can formally contact and send a notification to the clients about accepting the engagement, and they will start doing audit in this organization.

Full Engagements:

The full process of involving clients to serve services is known as audit engagement. It is basically a service which checks the financial statement. This service is a process to be an independent entity. There are several steps here. Like planning, substantiation or fieldwork, testing of controls, and exit or finalization. At first, a letter is sent to the client by the organization to be alert about the audit. Then the client, and the auditor decides how, when, and why the audit will take place through an initial meeting. After that, the auditor gathers as much information as possible through surveys and tries to understand the company and the controls in place. At last but not the least, through a formal email the auditor contacts the client and share the report with them.



Engagement procedure in ACNABIN:

ACNABIN appears in three kinds of engagement. They are directly appointed by the clients, with existing client, and new client. Some official letters are exchanged between the firm and the clients before the beginning of the engagement procedures.

An appointment letter should be sent to ACNABIN if the client is interested to work with the firm. All the terms and conditions should be included in the appointment letter. In order to accept the appointment letter all those terms and conditions have to be favorable for ACNABIN. Otherwise, that particular client will not get any kind of services from ACNABIN. At last, as an auditor, ACNABIN sends a letter which confirms the receiving of the appointment letter.

At the time of an existing client, if ACNABIN wishes to provide the audit service again then a letter for reappointment should be sent by them. After that, a letter of confirmation will be sent by the client if they are interested to take the service from ACNABIN again. Finally, through another formal letter ACNABIN accepts the appointment.

At the time of a new client, ACNABIN will give technical and financial proposals to the client. Audit firm drafts a proposal letter after looking over the paper's circular. After that, client chooses the most favorable audit firms among the various firms and appoints that audit firm for audit purpose. After receiving the proposal letter a confirmation letter is provided by ACNABIN that they are willingness to work with the client.

Overview of cash incentive:

Our country Bangladesh is a third world country and our economy is unfavorably and heavily dependent upon foreign currency. So, that's why the government of Bangladesh is taking several initiatives and granted incentives for the exporters to retain a Balance of Payment (BOP).

Bangladesh Bank issues the incentive. But the client have to justify themselves that they are eligible to take the cash incentive facility. Otherwise, manipulation and fraudulent activities can occur. The responsibility of the audit firms comes in for this reason.

In nine distinct steps the audit procedure of verifying a Cash Assistance File is laid out and it is further discussed in the next section of the report. After a valid conclusion is formed, a certificate is issued by the firm which is sealed and signed by the concerned partner.

If the exporters get this cash incentive facility and help to survive in the market then the country's foreign remittance and foreign currency reserves can be increased.



Chapter 5: Findings & Analysis



Chapter 5

Findings and Analysis:

Audit procedure of Alternative Cash Incentive:

In cash incentive audit, the application form, working files, and all other relevant documents should be checked and after that the calculations should be done which will gratify the circulated amount of the Bangladesh Bank. Certificates will be provided to the client if the documents and calculations are relevant and reliable respectively. Only Bangladesh Bank has the sole authority to provide this facility to the exporters.

The audit process is divided into nine distinct steps which we will discuss now. After a valid conclusion is formed, a certificate with the seal and sign of the respective partner have to be issued by us. Those steps are given below:

1) Submission of application by the exporter

The exporter submits the application to the bank's Export Division or Foreign Exchange Division for the cash incentive purpose. All kinds of export transactions took place here. The request is ascertained by some relevant documents which is required by the authorities like Bangladesh Bank, Auditor, Head Office of the bank, etc. From proper authorities the documents need proper signing. Otherwise those documents will be valueless. All the documents should be properly attached and also the photocopies which will be submitted to the department by the exporter.

2) Bank formally receives the application

The application file and the required documents will be formally accepted by the export department of the respective branch of the bank. All these documents should be confirmed by the authorized officer of the respective bank. Those documents should be attested with appropriate seals and signature. If there is any kind of incompleteness or defect found in the bank then the exporter should complete and fulfill them in the format given by the bank. After that, bank roughly estimates the incentive amount that the exporter can receive. Usually our calculation do not deviate from their calculation.

3) The concerned partner of ACNABIN will get the letter issued by the bank

After completing the files and the relevant calculations, the Head Office of the bank will desire a letter to complete the verification of alternative cash assistance process from ACNABIN.

4) Beginning of the cash incentive audit

The cash incentive check formally begins after ACNABIN sends auditor to the concerned bank. At times, the files can be checked at the firm if the auditor agrees to send the files directly to the CA firm. But this happens only if that bank is near to the CA firm. Finally, the audit of Cash incentive officially starts. When all the testimony are completed then the files are sent to the auditor by the concerned bank. Based on the Terms of Reference (TOR) which is recommended by the central bank, the auditors start their work according to it.



5) Arrangement of the working files

For each of the application, the first duty of an auditor is to make a calculation sheet which is required for the audit of the cash incentive file. For this objective, ACNABIN prepared and gave us a standard format. This format is also sent to the bank for backup purpose. In a very brief form, swatch copies of those files are provided in annexures. Those information should be fulfilled in the correct manner.

6) Review of the working file

There are three groups of students/employees working in a CA firm. Based on their joining date their designation are most senior, senior, and junior. The working files are reviewed by the senior articled students of the firm to confirm its fairness and state of free from materiality. Finally, the accuracy of the certified amount is reviewed by the senior auditor. Furthermore, the calculated amount should satisfy the relevant facts mentioned in the notice of the Bangladesh Bank.

7) Formulation of control sheet, and cross-checking of the working file

All the important and relevant information is found in the control sheet. So, the control sheet is going to be prepared in this stage. This is for the audit firms own objective. The summary of all the documents are found here. It works like a database, so we can monitor our application files and working files regularly. If the senior in charge of the audit team finds any error while crosschecking the sheet then he give queries or observations. Those observations should be sorted out by the applicant.

8) Review and signature of the partner

The final audit of the entire audit process is performed by the partner of the audit firm. In brief, the partner will take one final review to check whether there is any material misstatement found or not. If the partner finds any problem then the in charge will solve the problem. After these steps, we prepare the certificate in accordance with the circular given by the Bangladesh Bank. The partner will never give signature to any certificate if he finds any misstatement there. Otherwise, it will hamper his reputation in the market.

9) Submission of the certificate to the Bangladesh Bank

The worthy applicant will get the incentive certificate after the partner has signed in it. After that, the certificate is presented to the bank's head office. This certificate has to be accepted by the bank's head office under Bangladesh Bank. Finally, the applicant will get the licensed sum after Bangladesh bank accepts the certificate.



Reviewing Documents of RMG sector for Cash Incentive Audit:

Bank Forwarding Letter:

An applicant who wants to apply for cash incentive on the total exported value should apply through a bank forwarding letter. The types of markets are mentioned in the bank forwarding letter like composite, new market, fabrics etc.

If the applicant previously claimed duty drawback facilities or bonded warehouse facilities then he cannot claim for the cash incentives facilities as per Bangladesh Bank circulars. In the bank forwarding letter the value of the export transactions and the Master LC number should be mentioned by the applicant. The application date is a must in the application form. It is the duty of the auditor to check whether there is any material misstatement or not. If any misstatement found then auditor will give observations to their clients.

Bangladesh Bank's particular circular under which the files are sent for cash incentives facilities will be mentioned by the applicant. For each file the applicant have to apply separately. So, there will be different bank forwarding letter for different files. The applicant have to send this files to the foreign exchange department or export division of the bank. After that, those files get attested by the authorized employee of the bank.

Without appropriate authorized attestations, the bank forwarding letter will lose its creditworthiness. Which means that bank forwarding letter will be worthless. The concerned bank should give a seal sign to the forwarding letter and it is a very important issue. The bank's name and appropriate branch should be mentioned in the seal sign, so that the exact address can be easily found from where the files has been issued. Moreover, a particular Bank ID number should be given in the seal sign. This ID number is unique, so that the soft copy can easily be identified from the database in future. There is also a date in the seal sign which is known as application date. Besides the seal signs from the bank, the applicant should also give an authorized signatures, and seal. Or else, the letter will be worthless.

The auditors will check and give assurance that the bank forwarding letter has all the necessary information and seal signs.



This is a sample of Bank Forwarding letter:



Figure: Bank Forwarding Letter



Application Form:

Application form is a very important document for the auditors. Because this document is needed most of the time to check the verifiability and validity of the file. This form is also known as the base of the files. We usually match all the information given in the export and import documents with the application form.

Application form maybe different based on the type of market the applicant claimed. There are three types of application form. They are “Form KA”, “Form KHA”, and “Form GHA”. These forms are given for new market, composite, and fabrics respectively. In addition, “Form KA” is also given for special 1%.

Back to Back LC:

In order to secure a single international transaction, there will be two or more letter of credit which is known a back to back letter of credit. The exporter gets help in purchasing raw materials by creating a back to back letter of credit against a master letter of credit. Exporter gets the original letter of credit from the importer’s bank. After that he goes to his bank to issue a second letter of credit to the subcontractor as beneficiary. There are two types of back to back letter of credit. They are- local and foreign back to back. The beneficiary is from the exporter’s country in case of local back to back letter of credit whereas the beneficiary is a foreigner in case of foreign back to back letter of credit. For example, if an exporter buys raw materials from a foreign supplier to generate RMG products, then he can buy it by issuing a foreign back to back letter of credit.

All the details list of back to back letter of credit should be attached in the application form. It is the duty of the auditor to check whether all the back to back documents are submitted or not. The authenticity of the documents are also ensured by the auditor. They match with the application form and look that whether there is any mismatch or not.

BGMEA Certificate:

BGMEA certificate is necessary for getting cash facilitation from the government. Bangladesh Garments Manufacturers, and Exporters Association issues this certificate. One should pay a certain amount of fee to get this certificate.

The applicant have to attach the BGMEA certificate with the application files and then submit it to the concerned bank while applying for cash incentive assistance. Each and every single detail of the file could be found in the BGMEA certificate. All the information given in the BGMEA certificate should match with the application form. The auditor should match this certificate very carefully.

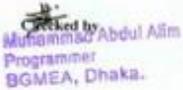
Any kind of scratch or overwriting is prohibited in the BGMEA certificate. Authorized seal and signs are mandatory in the certificate. Otherwise, the BGMEA certificate will be value less.

Some of our clients used to give us the draft copy of the BGMEA certificate to check because if there is any misstatement found in the original BGMEA certificate then the applicant will have to pay to solve that problem. Which means, they have get a new certificate. But if we check the draft copy at first then they will not have to go through this kind of hassle.

This is a sample of a BGMEA Certificate:

 BANGLADESH GARMENT MANUFACTURERS & EXPORTERS ASSOCIATION (BGMEA) <i>"Made in Bangladesh with Pride"</i> <small>BGMEA Complex, 23/1 Parthasarth Link Road, Karwan Bazar, Dhaka-1215, Tel : +88-02-55027910-21, Fax : +88-02-55027922-23 E-mail : info@bgmea.com.bd, Web : www.bgmea.com.bd, www.bgmeajobs.com.bd</small>	
Ref: BGA/CUS/2019/AC- 295 DATE- 24/01/2019	Certificate No: ... 270 ... /2019
CERTIFICATE FOR DRAWING ALTERNATE CASH ASSISTANCE	
Name & Address of the Unit:	NO. 19/09, 4, GHAZIPUR & NET LEMTESHA, BHADAM, NISHATNAGAR-1711, TONGIGAZIPUR
Membership No. of the Unit:	5004 Year: 2015
Annual production/manufacturing capacity of the Unit (as per certificate issued by the concerned authority)	1,80,00,000 Pcs FABRICS
Export L/C No./ Contract No.:	00172-01-0022806 Date: 22/03/2018 Value: \$ 41,000.00
Buyer's Name & Address:	GLORIA JEANS CORPORATION CJSC, STACHKI AVENUE, 184, ROSTOV-ON-DON, 344090, RUSSIA
Exporters Bank Name & Address:	ISLAMIC BANK BANGLADESH LIMITED FOREIGN EXCHANGE CORPORATE BRANCH, AKIJ CHAMBER 73, DILKUSHA, C/A DHAKA-1000, BANGLADESH.
Inland L/C Documentary Collections No.:	080418040512 Date: 16.04.2018
Raw Materials Suppliers Name:	SHIRAZ MELANGE SPINNING LIMITED.
Raw Materials: Yarn/Fabric Quantity:	5,000 .00 KGS Value: USD 18,250.00
BTMA Certificate No. & Date for Yarn:	A-1037346 Date: 19.04.2018 451042 Date: 03.09.2018
UD No.:	BGMEA/DHK/UD/2018/5004/050 Date: 05.07.2018
Description of the Exported Goods:	KNIT TANK FOR GIRLS GO-2 Quantity: 40,000 PCS
Invoice No.:	SCGL/GJC/2018/403 Date: 11.07.2018 Value: USD 9,900.000 SCGL/GJC/2018/259 Date: 19.05.2018 USD 8,800.00 SCGL/GJC/2018/258 Date: 19.05.2018 USD 20,500.00
Exp. No.:	0804-001949-18, 0804-00197-18, 0804-001498-18, Date: 11.07.2018, 20.05.2018, 20.05.2018.
Shipping Bill No.:	C 1033804.C 1021197.C 824549 Date: 13.07.2018, 11.07.2018, 03.06.2018
B/L No.:	DAC0009722, DAC0009717, DAC0009076 Date: 17.07.2018, 17.07.2018, 14.07.2018
Bank Submitted Amount	USD 9,900.00 + USD 8,800.00 + USD 20,500.00 = USD 39,200.00 DATE: 11.07.2018, 19.05.2018, 19.05.2018
Realized Amount	USD 9,900.00 + USD 8,800.00 + USD 20,400 = USD 39,100.00 Date: 02.08.2018, 02.08.2018, 15.07.2018

(Certificate to be attached if the export is effected on CFR/CFRC Basis) This is to certify that the above information have been checked and found correct and their claim for alternate cash assistance is justified. Recommended for Alternate Cash Assistance.

Checked by

 Muhammad Abdul Alim
 Programmet
 BGMEA, Dhaka.

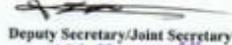

 Deputy Secretary/Joint Secretary
 Md. Kowsar Ali
 Deputy Secretary
 BGMEA, Dhaka.

Figure: BGMEA Certificate

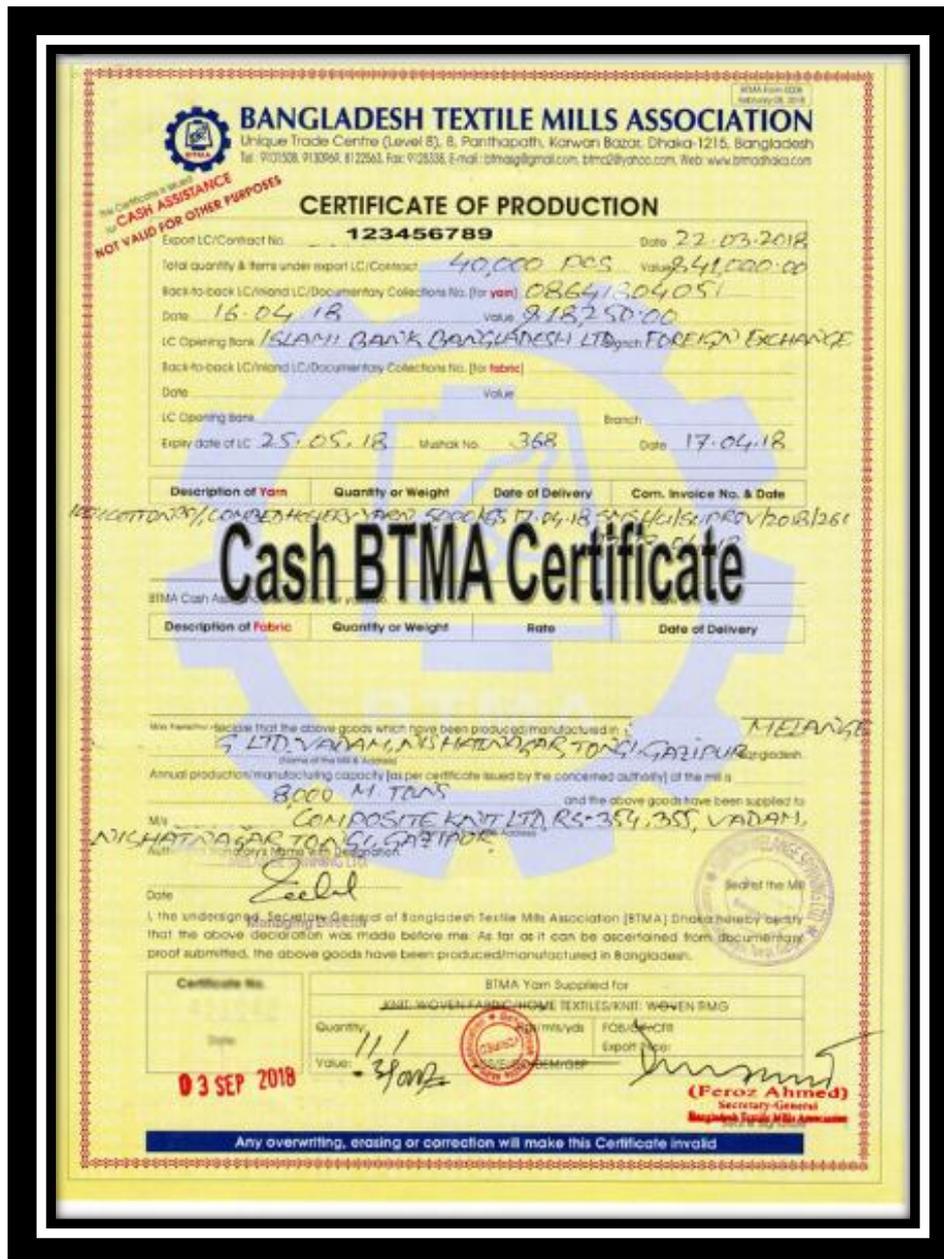
BTMA Certificate:

Bangladesh Textiles Mills Association issues the BTMA certificate for the yarn suppliers. In order to get the cash support from the government, this certificate is deliberated as a supporting certificate.

There are many information given in the BTMA certificate. Some of them are quantities of yarn, description of yarn, mushak number, letter of credit numbers, dates, and values etc. The authorized seal and signs are mandatory in the BTMA certificate. Otherwise, this certificate will be of no use.

The auditor's duty is to check all the information given in the BTMA certificate with the related documents. Each and every information should be checked very carefully.

This is a sample of a BTMA Certificate:



BANGLADESH TEXTILE MILLS ASSOCIATION
 Unique Trade Centre (Level 8), 8, Panthapath, Karwan Bazar, Dhaka-1215, Bangladesh
 Tel: 9701328, 9130942, 8122562, Fax: 9703538, E-mail: btma@btma.gov.bd, btma@btma.gov.bd, www.btmadhaka.com

CERTIFICATE OF PRODUCTION

Export LCI/Contract No. **123456789** Date **22-03-2018**

Total quantity & items under export LCI/Contract **40,000 Pcs** Value **9,41,000.00**

Back-to-back LCI/Hand LCI/Documentary Collections No. (for yarn) **08641304051**

Date **16-04-18** Value **9,18,750.00**

LC Opening Bank **ISLAMIC BANK BANGLADESH LTD** Branch **FOREIGN EXCHANGE**

Back-to-back LCI/Hand LCI/Documentary Collections No. (for fabric)

Date Value

LC Opening Bank Branch

Expiry date of LC **25-05-18** Match No. **368** Date **17-04-18**

Description of Yarn	Quantity or Weight	Date of Delivery	Com. Invoice No. & Date
100% COTTON/COMBENHAYERS WOVEN 500NES	17-04-18	368	12/04/18

Cash BTMA Certificate

Description of Fabric	Quantity or Weight	Rate	Date of Delivery

We hereby declare that the above goods which have been produced/manufactured in Bangladesh

Annual production/manufacturing capacity (as per certificate issued by the concerned authority) of the mill is **3000 MTMS** and the above goods have been supplied to **COMPOSITE KNT LTD, RS-354, BSS, VADAM, NICHATNAGAR TONGI, GAZIPUR**

M/s **COMPOSITE KNT LTD, RS-354, BSS, VADAM, NICHATNAGAR TONGI, GAZIPUR**

Date **03 SEP 2018**

I, the undersigned, Secretary-General of Bangladesh Textile Mills Association (BTMA) Dhaka hereby certify that the above declaration was made before me. As far as it can be ascertained from documentary proof submitted, the above goods have been produced/manufactured in Bangladesh.

Certificate No. **03 SEP 2018**

BTMA Yarn Supplied for **KNT WOVEN FABRIC/HOME TEXTILES/KNT WOVEN RMG**

Quantity **111** m/yds

Value **39000**

(Feroz Ahmed)
 Secretary-General
 Bangladesh Textile Mills Association

Any overwriting, erasing or correction will make this Certificate invalid

Figure: Cash BTMA Certificate

Proceeds Realization Certificate (PRC):

Bangladesh Bank issues a certificate which ensures that export income has been realized against export from Bangladesh. That certificate is known as proceeds realization certificate (PRC). This certificate is also very important and should be checked very carefully. There are many information given in the proceeds realization certificate. It is better to match all the



information given in the certificate. But some of the information are very much important. They are PRC number, and date, EXP number, invoice value, realization value, and date.

The original PRC should be attached with the file. We will look at the seal signs to ensure that whether it is the original PRC or not. Without seal sign, the PRC document will be valueless. The auditor's duty is to match each and every information with the application form.

Export Documents:

Cash facilitation is given to the applicant on the basis of their export worth. So, that's why the export documents must be submitted to the auditors. Then auditors will check the validity of those documents. There are five export documents we have to check in a file. They are given below:

- a) EXP Form
- b) Bill of Entry
- c) Bill of Lading
- d) Packing List
- e) Commercial Invoice

EXP Form:

Basically, the EXP Form is known as Export Form. This form is needed to export any products to another country. Bangladesh Bank enacts this form.

At first, the EXP Form should be prepared and fulfilled among the five export documents. In general, this document is prepared by the customs and fulfilled by the applicant consequently.

There are lots of information given in the EXP form. They are- export number, export date, port of destination, invoice quantity, invoice value, letter of credit number, and date, etc. All these information should match with other export documents. If there is any mismatch found then auditor will give observation to the applicant.

We came to know that the form is prepared by the customs before the export transaction took place. So, there should be proper seal signs given in the document. Without proper seal sign this document will become valueless.

The certificate of the authorized dealer is very important. This certificate confirms that the exporter is not a fraud and he is a true businessman in Bangladesh, and the information given in the form satisfies the customs. Without submitting this document might lead to incompatibility. Seals, and signs from authorized dealer, and other authorized officials is compulsory. This certificate may be present at the back page of the EXP form and sometimes attached at the bottom of the document. Sometimes, the date of the export can be found on that page. (Bangladesh Customs, 2021)



This is a sample of an EXP Form:

EXP FORM

(Statutory declaration to be furnished by exporters under FE Regulation Act, 1947 before shipment of goods. An incorrect declaration constitutes offence under the said Act.)

First Original					
(To be submitted to the Customs with Second Original duly completed and certified by the Authorized Dealers)					

	AD's Code	Serial Number	Serial Year
EXP NO.			

Name and address of the Authorized Dealer _____

I/We, the undersigned hereby declare that I/we am/are the sellers/consignors of the goods described below in respect of which this declaration is made out and that the particulars given in the following items are true and that the invoice value declared in Sl.No.5 in case of firm contract is full value as contracted with the buyers; and in case of consignment sale, is a fair value of the goods which are being shipped on consignment sale.

I/We do hereby undertake to repatriate full proceeds of the export within the period specified by the Bangladesh Bank in terms of FER Act.

Sl. No.	Items	Particulars (to be filled in by Exporter)	Code No. (to be filled in by Authorized Dealer)		
1.	Commodity to be exported				
2.	Country of destination				
3.	Port of destination				
4.	Quantity	Unit (bales/tons/lbs. etc.)			
		Volume (Weight/number etc.)			
	Currency				
5.	Value	Inco term Used			
		Invoice Value		FOB	Insurance
		CMT Value (if applicable)			Freight
6.	Terms of sale (Firm Contract/LC or Consignment sale)				
7.	Name & address of importer/consignee				
8.	Name of carrying vessel				
9.	Bill of Lading/Railway Receipt/Airway Bill/Truck Receipt/Post Parcel Receipt	No.: Date:			
10.	Port of shipment/Post Office of despatch				
11.	Land Custom Post				
12.	Shipment date				
13.	Name of the Exporter (in block letter) with address				
14.	CCI&E's Registration Number of the exporter and date				
15.	Sector (Public or Private) under which the exporter falls				

Coded by

Checked by

Authorized Signature and Stamp of the Exporter with date _____

(Signature of authorized official of the bank)

Conf'd P/2

Figure: Front page of an EXP Form

Page - 2

Certificate of Authorized Dealer

Certified that the above exporter(s) is/are known to us, that he/they is/are bonafide businessman/men in Bangladesh and that he/they has/have made arrangements with us for the realization of the export proceeds of the goods declared on this form within the stipulated period and that we are satisfied with the said arrangements. We have also satisfied ourselves about the bonafides of the importers/consignees abroad and their credentials etc.

*We undertake that for export shipments on consignment sale, we shall obtain from the exporter(s) and furnish to the Bangladesh Bank a fully documented account sale certified by the consignees/Chamber of Commerce of the country of import.

*We further undertake that in the event of non-realization or short realization of export proceeds against shipment within the stipulated period, we shall obtain from the exporter(s) and furnish to the Bangladesh Bank full explanation as to the circumstances resulting in non-realization/short realization.

*(Strike out the portion not applicable and authenticate with initials).

Date _____ Stamp and Signature of
Authorized Dealer

(TO BE COMPLETED BY CUSTOMS/POST OFFICE)

1. Month in which this item is included in the Customs/Post Office Return _____

2. Value assessed by the Customs/Post Office _____

3. Shipping Bill/Airway Bill/Post Parcel Receipt No _____ Dt. _____

Seal _____ Signature of Custom Officer
Date _____

CERTIFICATE BY AUTHORISED DEALER

(Applicable where advance payment or irrevocable or confirmed Letter of Credit is required in cover of the shipment.)

1. An irrevocable/confirmed Letter of Credit No. _____ for _____ on _____ has been opened covering the shipment described on page No. 1.

2. Remittance for _____ has been received as per method No. _____ as indicated below on _____ and has been allocated against the shipment described on page No. 1.

(i) in Taka from a Non-Resident Bank A/C.
(ii) in Foreign Currency on _____ Amount _____
(State Currency)

Date _____ Signature and Stamp of
Authorized Dealer

Figure: Back page of an EXP Form

Bill of Entry:

Customs authority allows shipment through a document named Bill of export/entry. Shipping agents issues this type of document. Bill on export represents for all the parties together with exporters, importers, ship owners, authorized dealers, etc. as a certificate. (EximGuru Online Exim Encyclopedia , 2021)

The party who promises to pay will sign in the bill of entry and the party who will receive the money will get the bill of entry document.



There are many information given in the bill of entry which should match with other relevant documents of the file. They are- export number and date, invoice number and date, letter of credit number, port of destination, exporter and importer's details, net weight, gross weight, invoice value, invoice quantity, etc.

Appropriate authorized seal and sign is required in the bill of entry document. Without proper seal and sign the document will lose its value. At the front page of the document there will be one seal and sign from the Assistant Revenue Officer, and one from the Revenue Officer.

Authorized officials must give a signature at the back page of the document. If the auditor do not find any seal sign in the back page, he will give queries to the client. Also, if any of the information given in the document mismatches with other documents then the auditor will give observations to the client.

This is a sample of a Bill of Entry:

The image shows a sample of a Bill of Entry form for export. The form is divided into several sections:

- 1. Exporter/Importer Details:** Includes fields for consignee/exporter (DHAKA), consignee/importer (RTY ROAD SMALL HEALTH B-10 CRA, UK), and their respective BIC codes.
- 2. Declaration:** Contains fields for EX (1), H (1), H NA (1), and other declaration codes.
- 3. Country of Origin/Export:** Lists Bangladesh as the country of origin and export.
- 4. Goods Description:** Includes fields for marks and numbers (20099), description of goods (FRUITS), and container type (Basket).
- 5. Financial and Banking Details:** Includes bank name (Jahidul Bank Limited), branch, and account type (Commercial Cash).
- 6. Accounting Details:** Includes fields for mode of payment (ACCOUNT PAYMENT), assessment number, and total declaration (129.27 BDT).
- 7. Signatures:** Fields for the signature of the Assistant Revenue Officer and the Authorized Person.

Figure: Front page of Bill of Entry

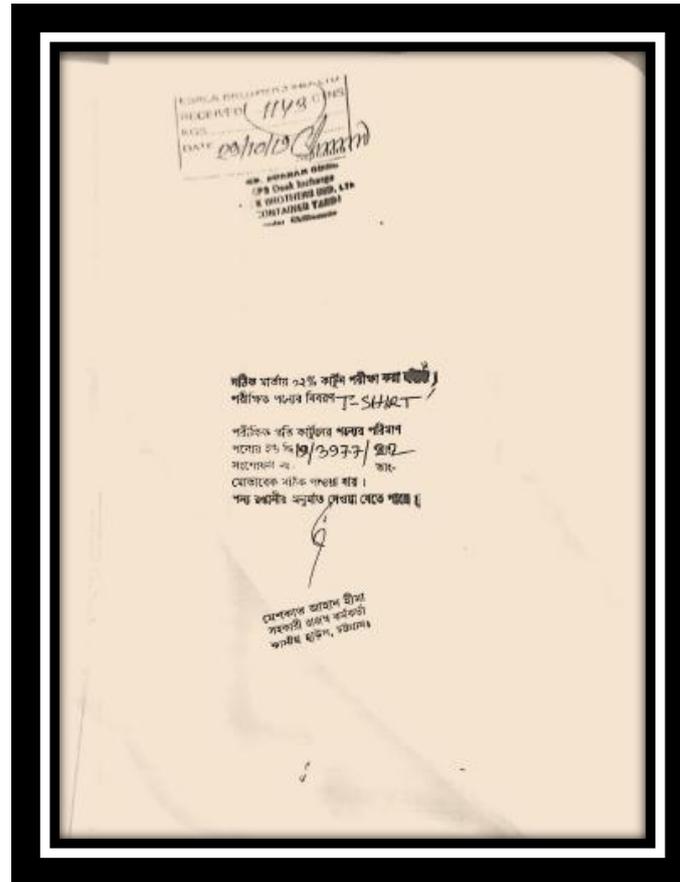


Figure: Back page of Bill of Entry

Bill of Lading:

The evidence of the contract of carriage between the shipper and shipping line to transport the products from one country to another is known as bill of lading. Those products are transported under some specified terms and conditions on which the exporter and importer agreed. (iContainers, 2021)

There are two types of bill of lading. One is master bill of lading and the other is house bill of lading. Based on the recent circular published by the Bangladesh Bank, we don't accept house bill of lading. The applicant should manage the master bill of lading. Otherwise, he will not get any certificate from the CA firm.

There are some techniques I have learned from my colleagues to identify whether it is a house bill of lading or master bill of lading. For example- if the company who issued the bill of lading has signed on their pad, then we can say that this is a house bill of lading. There are many other techniques to identify the actual master bill of lading.

There is another issue about freight. If the document contains "Freight Collect" then we don't need to do anything with it. But if we find "Freight Prepaid" in the document then we will ask for the "Freight Certificate". This certificate is the proof that the seller had paid in advance.

Like other documents, bill of lading also have some information and those information should match with other export documents. If there is any mismatch found then the auditor



will give observation to the applicant. In bill of lading, shipment date is the most important information and it should match with the application form.

This is a sample of a Bill of Lading:

Shipper FREIGHT FORWARDER QUOTE ONLINE USA 601 South Figueroa Street 4050 Angeles, CA 90017		Suite Los	BILL OF LADING		Bill/Lading Number 500158002
Consignee (if "To Order" so indicate) FREIGHT FORWARDER QUOTE ONLINE AUSTRALIA LVL 2, 44 MARKET STREET NSW 2000		sydney	EXPRESS EXPRESS BILL OF LADING		
Notify party (No claim shall attach for failure to notify) FREIGHT FORWARDER QUOTE ONLINE AUSTRALIA LVL 2, 44 MARKET STREET NSW 2000		sydney			
Vessel ANL BINDAREE / 4355			Port of Loading CHICAGO, UNITED STATES		Excess Value Declaration: Refer to Clause 11(a) + (d) on reverse side
Port of Discharge SYDNEY, AUSTRALIA		Destination (if on-carriage) SYDNEY, AUSTRALIA		Freight Payable at: SYDNEY, AUSTRALIA	
Marks and Numbers #Pkg #/no 1 = 3		Number and Kind of packages: 3 Pallet(s) TOYS		Gross Weight 2073.846 KG	
Container #CUD8100309 4411711		Type 20GP		Volume 5.171 M3	
Seals 2073.846 KG		Weight 5.171 M3		Measurement 3 PLT CFS/CFS	
SAMPLE ONLY					
INCOTERM: FOB			Consol Ref: C00001528 SHIPPED ON BOARD		
Bill of Lading must be surrendered to: FREIGHT FORWARDER QUOTE ONLINE LEVEL 2 REVERSE SIDE QUAY, 1 SOUTHBAK BOULEVARD SOUTHBAK VIC 3006 AUSTRALIA			Freight Details, Charges, etc.:		
Phone: 1300651233					
Place and Date of Issue CHICAGO, UNITED STATES			23-JUN-15		
AS CARRIER					
Place of Receipt CHICAGO, UNITED STATES		Place of Delivery SYDNEY, AUSTRALIA			
LAW AND JURISDICTION CLAUSE The Contract evidenced by or contained in this Bill of Lading shall be governed by Australian law and any claim or dispute arising hereunder or in connection herewith shall (without prejudice to the Carrier's right to commence proceedings in any other jurisdiction) be subject to the jurisdiction of the Courts of Australia.			Total No. of Packages (in words) THREE PALLET(S)		
<small>Note: The Merchant's attention is called to the fact that according to Clauses 10, 11 and 12 of this Bill of Lading, the liability of the Carrier, in most cases, limited in the respect of loss of or damage to the goods and delay.</small>					

Figure: Bill of Lading

Packing List:

Packing list is made by the applicant and it is another important document. One can verify whether all the commodities that has been shipped is accepted in adequate condition or not by looking at the packing list. This document contains invoice number and date, export number



and date, net weight, gross weight, letter of credit number, invoice quantity, invoice value, etc. All these information should match with other export documents.

It is the responsibility of the auditor to check whether there is any mismatch found in the packing list or not. If any mismatch found then he will give queries to the clients.

This is a sample of a Packing List:

PACKING LIST					
SHIPPER			Invoice No:		Page ____ of ____
			Invoice Date:		Ship Date:
CONSIGNEE:			BILL TO:		
SHIPMENT INFORMATION					
Customer PO No:		Letter of Credit No:		Mode of Transportation:	
PO Date:		Currency:		Transportation Terms:	
Ref No:		Payment Terms:		Number of Packages:	
AWB/BL No:		Incoterms Desc.:		Gross Weight(Kg):	
QUANTITY	DESCRIPTION			UNIT	
TOTAL:		NO. PKGS	GROSS WEIGHT LBS KGS	NET WEIGHT LBS KGS	

Figure: Packing List

Commercial Invoice:

Commercial invoice is prepared by the exporter. It is one of the proof that international trade has been occurred between the exporter and the importer. The importer gets this document from the exporter as a proof.

This document is also very important and includes many information which the auditor have to check. Commercial invoice includes invoice number and date, export number and date, net



weight, gross weight, letter of credit number and date, invoice quantity, invoice value, etc. The information should match with the application form and other export documents. If any mismatch found then queries will be given to the applicant.

This is a sample of a Commercial Invoice:

COMMERCIAL INVOICE				
SELLER		INVOICE NUMBER		DATE
		CUSTOMER REFERENCE NUMBER		DATE
SOLD TO		TERMS OF SALE/		
		TERMS OF PAYMENT		
SHIP TO		CURRENCY OF SETTLEMENT		
		MODE OF SHIPMENT	BILL OF LADING/AWB	
QTY	PRODUCT DESCRIPTION AND HARMONIZED CODE	UNIT OF MEASURE	UNIT PRICE	TOTAL PRICE
PACKAGE MARKS		TOTAL COMMERCIAL VALUE		
		MISC CHARGES (PACKING, INSURANCE, ETC)		
		TOTAL INVOICE VALUE		
CERTIFICATIONS		I CERTIFY THAT THE STATED EXPORT PROCES AND DESCRIPTION OF GOODS ARE TRUE AND CORRECT		
		SIGNED _____		
		TITLE _____		

Figure: Commercial Invoice

File checking procedures of the export documents:

When an auditor starts checking the files, he should remain calm and quiet. Otherwise, he won't be able give full concentration in his work.

At first, an auditor should check the bank forwarding letter. Then he will move to the application form. After that, the auditor will match the information given in the application form with other export documents. There are so many information like export number and date, invoice number and date, net weight, gross weight, invoice quantity, invoice value, letter of credit number and date and so on. All these information should be same in each of the documents. If there is any mismatch found in any of the documents then queries will be given in order to solve that problem. After that, the auditor will check the PRC, BGEA, etc.



Proper seal and sign should be given in the documents. Suppose, in case of bill of entry we cannot accept that document without proper seal and sign. But if any situation arise where the applicant is totally unable to show any seal and signs then he should take a NOC (non-objection-certificate). This certificate ensures that the document is believable.

Query meet up:

The applicant will take all the queries after the auditor has completed checking the file. Then the applicant will solve those queries and come back to the auditor again. This time the auditor will give a final check. If everything is alright then he will tell the applicant to send the files to the firm. On the other hand, if the applicant fails to meet up the queries then the auditor will reject the files for issuing certificates.

Input, Draft Print, Final Print, and Certificate Signing:

At first, the auditor enters the information found in the checked files in MS Excel as input. After that he prints the certificate in a draft version. Now, again he checks that draft copy. If he finds any mistake then he solves that and again prints out the original certificate. Now, after the original certificate is printed out, the senior auditors will check the certificate one more time very carefully so that there won't be a single mistake found in the certificate.

Finally, the senior auditor or the team manager will take the error-free certificate to the partner's room where the certificate is going to be signed. After that, the applicant follows other necessary steps to get the cash incentive.



***Chapter 6:
Conclusion &
Recommendations***



Conclusion:

In this report, I have tried to reveal all the aspects and procedures of cash incentive audit which is followed in ACNABIN Chartered Accountants. I have tried to cover up every single steps from the engagement process to the review and giving opinion. In our country, Chartered Accountancy is a respected profession and ACNABIN Chartered Accountants is a well reputed firm. Our country gets huge benefits from this profession. More students should come and explore this field. All the rules and standards that are set by The Institute of Chartered Accountants of Bangladesh (ICAB) is strictly followed here. I have gone through the BRPD Circular of Bangladesh bank and now I can confidently say that ACNABIN Chartered Accountants is giving outstanding audit service to their clients. The internship program helped me to acquire both practical and theoretical knowledge. The practical knowledge will help me to survive in the firm and fulfill my dream of becoming a Chartered Accountant.

Recommendation:

No one is perfect in this world. But we all are running for perfection. The system of my working place is good but not free from problems. It is not possible to solve all the problems overnight. But we could work more efficiently if those problems get solved. As I have worked there for 3 months. So based on my experience I would like to give some recommendations to reduce those problems. They are given below:

- ✓ Modern software like QuickBooks, SAP, etc. can be adapted in the firm. It will reduce the workloads on employees.
- ✓ The partners of the firm can hire more employees to give input of the certificate. This step will speed up the audit procedure.
- ✓ The firm may give a deadline for completing a particular client's audit procedure so that the students will work more efficiently and the client will be satisfied with the service.
- ✓ Firm may arrange a formal seminar for the auditors of cash incentive to identify the manipulation of original documents like BTMA/BGMEA certificates, EXP forms, etc.
- ✓ Senior auditors move junior auditors from one branch to another. As a result, that auditor missed the opportunity to engage in that audit from the beginning to the end. Firm may fix a student for only one branch. He will work in that particular branch only.
- ✓ Firm may update their student ERP. I faced many problems while giving my job ticket and time sheet in the ERP.



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