



Report on

“Auditor Selection, Audit Environment and Its Impact on Corporate Governance: Analysis of Selected Listed Companies in Bangladesh”



United International University

Md. Motahar Hossain

ID: 111 151 449

Major in Accounting

Supervisor:

Rana Mazumder ACMA

Assistant Professor

School of Business and Economics

United International University

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Letter of Transmittal

19 April, 2019

Rana Mazumder ACMA
Assistant Professor
School of Business and Economics
United International University

Dear Sir,

I am totally honored and grateful to present my project report on “Auditor Selection, Audit Environment and It’s Impact on Corporate Governance: Analysis of Selected Listed Companies in Bangladesh”. This report was assigned to me for the incomplete fulfillment of the requirement under BBA program of United International University.

The study towards the report increase my knowledge to make an executive report. In future I can use this extraordinary experience in vast way.

I sincerely hope that, this report would be able to satisfy your all expectations. I respect your collaboration and I think you will call upon me with any queries cause by this report. Thanking you and looking forward to receive your gracious approval of my submission.

Sincerely Yours,

Md. Motahar Hossain

ID: 111 151 449

Major in Accounting

Acknowledgement

At the beginning I would like to give my gratitude to the Almighty Allah the most gracious and merciful for enabling me to perform the job rightly and prepare the project report successfully with full endeavor. I am also thankful to my supervisor Rana Mazumder ACMA. The success and final consequence of this study required lots of assistance and guidance from my supervisor Rana Mazumder ACMA. I am very much fortunate to have this up and completion of my project. All that I have done is only due to such supervision and assistance and I would not forget to express gratitude toward him.

Abstract

In this project report we to explain the auditors selection, audit environment and its impact on corporate governance. The main purpose of this study is analysis of audit environment in Bangladesh of public listed companies. For analyzing we selected four different types of industries which are Engineering, IT, Textile and Telecom industries. Each industries have many listed companies and we collect five years data for each company. We collect data from companys annual report year 2014 to 2018. From the annual report we try to find some information such as independents auditor name, audit report date, audit lag, audit opinion, audit fees, total assets, annual sales and annual net profit. Then we figure out the industry average total assets, average ROA, average net profit, average audit fees and percentage of good and bad opinion for each industry. We also compare this findings among four industries and find that the audit environment of Textile industry is better than others on the basis of audit opinion. We also find that the Telecom industry is more efficient than others on the basis of average ROA and average net profit. On the basis of efficiency Textile industry is not in a good position and they have to improve their efficieny by reducing their assets costs and expenditures.

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Introduction

Auditing is a process where the auditor performs their works in systematic way. They examine the company's books of account, vouchers and documents and all the statutory records. The main purpose of audit is to give a true and fair view towards the company's financial statements and also the non financial disclosures. By auditing of the company the auditor find out that how far the company maintain the accounting standards as well as the local laws. They find out the degree of conformity towards GAAP. If any organization audited by the independent external auditors then the company able give more assurance and credibility to shareholders than those have not. When company audited by independent auditor they have to cooperate at that moment. They have to giving all the information to them when they asked. Sometimes conflicts arise between the audit committee and corporate governance and maintaining internal control becomes difficult for them. As an organization they need to follow audit system. Because in every organization supervision and monitoring is important for the efficiency and also to prevent any kind of malpractice. Measuring the performance of the company, preventing fraud activities and to maintaining adequate information audit is more significant for an organization.

In this study we analysis the audit environment in Bangladesh at different industries. We select four different types of industry such as Engineering, Textile, IT and Telecom. For each industry we select public listed companies and collect their data for analysis their auditing informations. We try to figure out their performance from 2014 to 2018 financial years. In this study we also try to analysis the industry performance towards auditing and measure some facts. We compare among four industry which is better to follow the accounting standards and maintaining clear and fair view to their investors.

Objective of the study

Primary Objective:

- ❖ To accomplish the partial requirement of BBA Program from School of Business and Economics, United International University.

Secondary Objectives:

- ❖ understanding auditor selection procedures.
- ❖ To know how organization evaluate their audit firms.
- ❖ To know the significant elements of auditor selection.
- ❖ To know the elements that impact on auditor selection.
- ❖ Understanding the audit environment in an organization.
- ❖ To know the relationship between audit committee and corporate governance.
- ❖ Understanding the impact of audit environment in corporate governance.
- ❖ Understanding the arisen problem between auditor and corporate governance.
- ❖ Understanding the different industry's performance in terms of auditing.

Scope of the Study:

This study focuses on auditor selection, audit environment and its impact on corporate governance and analysis of public listed companies in Bangladesh. This study carried out to analyzing five years annual data of four different industry's listed companies. Here, we try to figure out which industry is in good position on the basis of maintaining accounting standards and efficiency towards their earnings.

Methodology of the Study

Types of Data:

Here, we are using **secondary data** for this study. The main sources of our data is company's website. We also collect data from DSE and Lanka Bangla website. And some published articles are using for this study.

Data Collection Process:

We collect data from company's annual report from 2014 to 2018. From the annual report we collect data about auditors' report and financial statements. For the information about scrip code, listing year and financial year end date we visit DSE's website.

Sample Size:

For this study we select four types of industry in Bangladesh such are Engineering, Textile, IT and Telecom. From the Engineering sector we select 28 listed companies. From the Textile sector 44, from IT sector 7 and from Telecom 2 listed companies. Also we are use five years data for each companies.

Techniques and procedures:

For identifying industry average we use microsoft excel sheet and for the comparison we use some graphs.

Limitations of the Study:

- Lack of previous studies in this area. I haven't previous experience to this type of work.
- Unavailabilty of required information because some company's annual data were missing.
- Tough to collect financial data when some company adverse their financial year.

Literature Review

Auditor selection is one of the important topics in audit research and studies. These studies have followed different research approaches and they are designed to examine the effect of some variables in the selection decision. The first approach is focusing on the quality of the auditing so that there are many studies tried to measure the quality of the auditing (Niemi, 2004). The second approach (selection and appointment of the auditor) addresses a number of variables that influence this decision such as audit fees, audit committee, the reputation of the office and its size. (Niemi, 2004) thinks that big audit firms are not only related to one or two companies they have several clients.

(Abbott and Parker, 2000), In their opinions auditor selection is the main function of the audit committee. They think that the specialized auditors are the great performers for providing the higher quality of audit than non specialized auditors. They also state that when a firm works with audit committees independently they become more active for being specialist auditors. They also said that organization will use audit specialist to their audit committees when they do not include any employees to the audit committee. (Parker, 2000).

(Dhaliwal et al, 2012), The scholars state that audit committee taking the responsibilities for maintaining the relationship with auditors as well as the auditor selection task is up to them. But the management always involves in the auditor selection decisions. They influence these decisions more than the audit committees (Dhaliwal, 2012).

(Sawan and Alsaqqa, 2013), They examined the relationship between the audit quality and size of the audit firms by measuring the large sample of audit firms. Here, the reputation issues of the audit firm are associated with the quality of audit (Alsaqqa, 2013).

Most of these studies concluded that the large audit firms are higher quality of audits than smaller audit firms. Because the larger audit firms have more advanced technology, high quality staff and other resources.

(Andrew Cox, 2017), He said that business activities and risks are related with the activities of internal audit in an organization. He thinks that when an organization is audited by internal auditor they focus on the more important issues like strategic and operational issues. Also the collaborative partnership created between the management and internal auditors. From the opinion of the scholar internal auditors try to emanate some action plans but the management interferes in these actions. He also said that all the action plans implemented by the management are agreed by them. For the control of the audit environment a company needs collaboration between the management and Chief Executive of the audit. By the help of the

audit committee internal auditor able to control the audit environment in an organization. (Cox, 2017).

(Joseph DeRose, 2018), In his opinion internal auditor analyze company's records regarding the objectives, risks and performance when they comes to an organization or a company. Also the auditor thinks about the strategies that need to be implemented. The scholar thinks that if an organization choose external auditors they performed better than internal auditor. Without the bias they give the actual report and they having the better view to the company's operations. He also said that specialized auditors know what have to do and they taking notes, observing the situation, interviewing employees and review the documents during the audit. Sometimes they asked employees about the company's objectives, compliance rules and safety standards to test their knowledge. Auditing time is totally depends on the scope of the works, organization's size and department. At the end, auditors give suggestions to the board of directors for the improvement and they need to implement their works. (DeRose, 2018).

(Andrew Cox, 2017), in his article he state that sometimes the Chief Audit Executive plays different roles in an organization such as consultant, business partner, appraiser and facilitator. By playing this role the Chief Audit Executive ables to take deeper knowledge about the organization. Also the can get some relevant information about the company's risk assessment policy and strategic business plans. The author also state that the Chief Audit Executive have to control the audit environment and look to the organization's risk management ploicy, corporate governance effectiveness for providing true and fair assessment about the organization;s operations. After gathering all the information about the company's corporate governance effectiveness, control techniques and risk management processes the Chief audit Executive give recommendations to the management of the company how to improve in such areas. They acting as a consultants for the corporate governance and telling them what is need to do for the improvement. Also they have to build a strong bonding with the company's management and with the audit committee. They can build this relationship through analysis of data and monitoring the conformity of accounting standards. But the management need to done their works within a time frame and taking encourages from the Chief Audit Executive. When the internal audit taking all the responsibilities towards the business risks and issues the audit committee is more focused to controlling the audit environment (Cox, 2017).

Corporate governance refers as the mechanism of an oranization where the organization is controlled and directed by this mechanism. For maintaining the relationship among the shareholders, stakeholders and board of directors the corporate governance plays an significant role for the company. Also they look into the effects of the performance and corporate strategy. They assess each action taken by the decision makers and give recommendations to them how they should act while making decisions.

(Jeffrey Cohen, 2010), In this article the scholar state that for ensuring the sound financial reporting and preventing fraud from the organization the corporate governance plays a vital role in recent times. He said that in corporate governance audit seves as the controlling device. In this ariticale he explain various corporate governance factors that are impact on audit process. The factors are audit committee and company's board of directors. He thinks that when auditors formulating their appropriate audit strategyn they should consider this factors professionally. But there are few professional guidance in which the auditor need to follow for reducing the effect of corporate governance to the auditing process. For better understanding this study they arranged an interview where 36 auditors given their opinions towards the impact of corporate governance in audit process. Auditors given their opinions by their experience with clients and they talk about many elements regarding the corporate governance. They thinks that the primary driver of corporate governance is company's management. The involvement of company's top management with the corporate governance creating agency problems. The management always want to protect their stakeholders and they force the force the board of directors to seves to this actions. Corporate governance factors is the most important part in client acceptance step as well as in international context. At the end, the scholar thinks that audit committee having lack of sufficient power and typically ineffective for being a strong governance mechanism (Cohen, 2010).

Industry Overview

Engineering Industry:

Engineering industry is one of the promising sector in Bangladesh which can enhance the country's export diversity. Its continuously growing in Bangladesh. Almost every engineering companies are situated near Dhaka. Many entrepreneurs from different country's like Japan, China and Korea wants to invest in this sector. They are also the main buyers of Bangladesh's cheap and manufacture products. The light engineering sector mainly produces different paper products, machineries for different plant and toys for children. They selling this items in local market and reduce the pressure of import items. The engineering industry becomes an valueable sector for our national economy because they produce huge employment opportunity. Also they have varieties of units that are produced and undesirable turnover of this industry. According to a research this industry produces 40000 different units of products such as macineries and reconditioned or new spare parts for machine. This industry having huge economic value which is around 20000 crore Taka anually. Around 20 lakh people are working this sector and open opportunities for employment. From 2007 and 2008 this industry brought USD 220 million and from 2008 and 2009 they brought USD 189 million by exporting engineering products to foreign country. A research shows that in 2016 the light engineering industry contributed 1.5% in our export income which indicate that how promising this sector for Bangladesh. In 2015-16 financial year this industry brought USD 510.08 million by exporting engineering products. It also contributed by cutting cost for import items. Almost 50 percent substitutes of import items are producing by this industry. At other side heavy engineering sector not successful as much as light industry because the financial industry are not very much interested to invest in heavy industry. So they are not bring enough innovations and expertise to their side. Unemployment is the biggest threat for our country and we needed more labor intensive industries for the employment. The engineering industry is also labor intensive and it is perfect opportunity for reducing unemploment problem.

IT Industry:

IT industry in Bangladesh is new sector when we compare to other industry. Bangladesh try to improve in this sector because the potential growth of this sector is significant for this country. Today's world is continuously become more technological day by day. And to going with the flow we have to improve our technological industry. In previous Bangladesh try to develop their software and IT industry by taking some initiatives. Today they witness some substantial development in IT industry. Some of the development quite unthinkable at some stages of time. Also this sector contributed to the national economy that is not avoidable. At present this sector created more employments for the new entrant in job market. By creating employment opportunities its reducing our unemployment problem and strength our national economy. If we compare this industry to our national economy and to our population we can say that it is so small for our country. But this industry is growing faster than others industry in recent time. A research shows that there are around 800 registered software companies conducting their business activities in Bangladesh. Also there are more than 100 IT ventures who are unregistered doing business in our country as well as in global markets. From this IT ventures some of them are always in top of the the list in terms of best software companies in Bangladesh. At present the IT industry held around USD 250 million in Bangladesh which is quite significant for us. A survey state that in IT sector nearly thirty thousand IT professionals are working in recent time. Today this industry becomes top employment sectors for newcomers graduate in Bangladesh. People are choosing best software companies for their dream job. One of the main fact is many of the IT companies doing their business in local market. Among the IT companies 63 percent are doing their business activity in local market which is the main obstacle for globalization of this industry. Other companies are trying to conducting their business in global market by providing their quality. They wants to become the best software company in Bangladesh. By their attitude towards this desire there has been a significant growth we can see which is around 20 to 30 percent in this market. The IT industry made a significant growth in export income for Bangladesh which is 57.21%. To look at this export growth by IT industry we can expect that the IT mechanism will develop in a short time. More than 3 lakh people are working in this sector.

Textile Industry:

At present everyone knows the main sources of foreign income of Bangladesh is textile and garments. Nearly last three decades it is the key division of export earnings for Bangladesh. In 2002 Bangladesh exports 77% of its total commodities exports by exporting ready made garments, textiles and clothing goods. Each year Bangladesh generates nearly USD 5 billion value of products by exporting garments products. This industry created huge employment segment for peoples. Around 30 lakh people are working in this sector and from this people 90% are women. In terms of producing garments Bangladesh taken number two position in world ranking and China taken the first position. The main buyers of Bangladeshi garments are western fashion brands. Bangladesh exporting their 60% of garments to western fashion brands and European brands and 40% to American brands. Most of textile companies owned by the local investors of Bangladesh and around five percents of the companies possessed by other country's investors. But the controll of the productions monitoring by local investors. Bangladesh earned USD 28.14 billion foreign income by exporting ready-made garments and that was 80.7% of total foreign income in 2016–2017 economic year. It was also 12.36% contributed to GDP while textile industry doing green manufacturing practices. Many of people thinks that behind the success of textile industry is foreign aid. But Bangladesh gains this success because of the trade and it is the actual reason than foreign aid. The entrepreneurs of Bangladesh taking help through WTO's quota system, Everything but Arms, Agreement on Textiles and Clothing and US's 2009 tariffs relief assistance in worldwide textile market. Among the industrial occupations textile industry having 45% but the contribution of the national economy only 5% which is not good. Bangladesh facing lots of criticism due to numerous fire incidents and building collapses. Also many people died due to these reasons. Bangladesh government take some attempts to decrease this incidents by applying safety canons for better working environment for the workers. But some people thinks that this step is not sufficient for making better working environment.

Telecom Industry:

Telecom industry becomes so attractive for foreign investors in Bangladesh because this industry having significant growth over the last two decades. One of the reason is there is no barriers for repatriation of profit due to open foreign investment policy conducted by the government. The telecom sector of Bangladesh is suitable for outsider investor though this sector not much advanced. For a year the average income of telecom industry is probably 1500 crore Taka in Bangladesh. Having enormous potential growth by the side of mobile ecosystem submarine cable and WiMax becomes one of the attractive investment sector for foreign telecom companies as a new technology. Many of them are trying to approaching in Bangladesh due to find the technological potentiality. Telecom operators from South Korea, United Kingdom and Middle East are interested for doing business in Bangladesh. The private sector are encouraged by the government for investing in this sector. Because this sector building a socioeconomic structure in the country as playing a vital role. Also the government taking some attempts for encouraging private sector by giving them fixed line telephone license. In 2015 the telecom industry contributed USD 13 billion to Bangladesh's GDP which is almost 6.2%. This is quite significant for Bangladesh's national economy. Also it is increase the efficiency towards the mobile technologies. Telecom industry in Bangladesh created more opportunities for employment. Around 760000 employee are working in this sector. It's also strength the Bangladesh's economy by creating more funding to public sector activity (In 2015- USD 2 billion). Among the industry mobile ecosystem made around 30% jobs opportunity and 70% are involved to the consumptions of the inputs for mobile sector. According to a research in 2017 Bangladesh have 85 million subscribers who are unique. This number made Bangladesh to the ninth largest mobile market in world ranking and fifth position in the Asia Pacific's mobile market. There are more 145 million mobile connections and each subscriber having 1.7 SIM cards while the connections penetration is 87%.

Theories:

Auditor Selection:

Auditor selection is a procedure where a company select an audit firm by evaluating their quality to audit and reputation in the market. There are lots of task done by audit firm when they are auditing an organization such as checking the conformity of accounting standards, errors towards financial statements, misguide of information and quality of the management systems. They give the independent assessment to the shareholders of the company after audit. But for the company selects an audit firm is a significant task for them because its involve the reliability and assurance. Here we try give a suggestion for a company how can they select an audit firm. They need to following this given procedures:

- Company have to select their auditor from more than two qualified souces. The involvement of negotiation is important when company retained an auditor. The company mush have an established procedure for arranfment of an audit.
- Company need to involved their board members for selecting an audit firm. For continuing the process in a structured way they have to appoint a project coordinator. He will help to delegate tasks and leading the procedure. He will also involving some organizational expertise who are appropriate to this process.
- A company can identify auditors from various sources such as Chamber of Commerce, professional networks, internet searches, business associations and from the capital market. Even they can contacts through phone.
- Having the pre qualified list a company can go for the audit engagement. Firstly they need to prepare a Request for Qualifications (RFQ) paper. Then they have to sending this paper to pre qualified audit firms. This document must represent the required sevices that the company are asking for. Also the service delivery time must be include in this paper. As well as need to be mentioned that interested firms must have to provide their official proposal with professional references within the deadline.
- After getting the proposal from audit firms the company need to ranked them. Then they have to evaluate them through their single audit experience, audit team experience and their tecnical approach towards auditing.
- Then the company need to arrange a deeper interview with the best three audit firms and assess their experience, qualifications, relationship with rival firms and competence issues.
- Finally, the company will select the audit firms by assessment scores. If the company fail to negotiate with top firms then they can choose the next highest scorer firms.

Audit Environment and Its Impact on Corporate governance:

Audit environment refers to the situation when a company is auditing by the external auditors or internal auditors. Sometimes the audit environment creating problematic situation in an organization. Most of the times an organization focuses on their business movements and their risks. They try to aligns this movements and risks with the audit activities. When companies audited by internal auditor they focus on the significant issues like strategic and operational issues. Internal auditors try to emanating some actions plans but the management interfere to this actions. All the action plans implemented by the management and have agreed by them. For the control of the audit environment the company need collaboration between the management and Chief Executive of the audit. By the help of audit committee internal auditor can control the audit environment in an organization. In an organization internal audit are more acceptable than external audit by the people who are audited.

Corporate governance denots as the nucleus of an organization. It controls company's institutional systems, accounts and ethichs. By monitoring performance and ensuring accountability the company's corporate governance focuses on bringing transparency and fairness within the organization. For ensuring the sound financial reporting and preventing fraud from the organization the corporate governance plays a vital role in recent times. One of the important mechanism of corporate governance is audit committee. But audit commitee affects by the company's board of director while make decisions regarding the quality of financial reporting. The board of directors having the power to interfare to such decisions because they have to focus on the broader function of business strategies. For selecting an external auditors for a company the audit committee plays a vital role. They asked external auditors to submit their proposals for the audit process and recommends for them to the company's board of directors as they are the best performer of external audit. Also the audit committee have the full power for deciding the audit fees of external auditors. They can be terminating or appointing internal audit department's head as well as giving recommendations to them. For ensuring the conformity of following the accounting standards and local laws the company's audit committe is responsible. They are also responsible for implementing ethical standards and regulations as well as for the policy of internal guidelines. The audit committee reviewed the internal and external auditors' report and disciss about this reports with the related parties. They take this report in consideration and make sure the valid notes will executed by the authorities. Audit committee also determines the internal and external audit activities scope. The relationship between audit committee and both internal and external auditors are significant during auditing. Audit committee try to controls the internal environment to work with the company's corporate governance. They also try make clear and

fair audit environment by reviewing the company's monthly, quarterly and annual reports. After reviewing the reports they give recommendations to the board of directors and submitted the audited reports to the company's shareholders and describing all the companies actions during the year as well as their responsibilities towards the shareholders.

Findings and Analysis:

Comparison of Average Audit Fees:

Industry	Engineering	IT	Textile	Telecom
Average Audit Fees (BDT)	264642	165650	235619	1245650

Table 1: Average Audit Fees

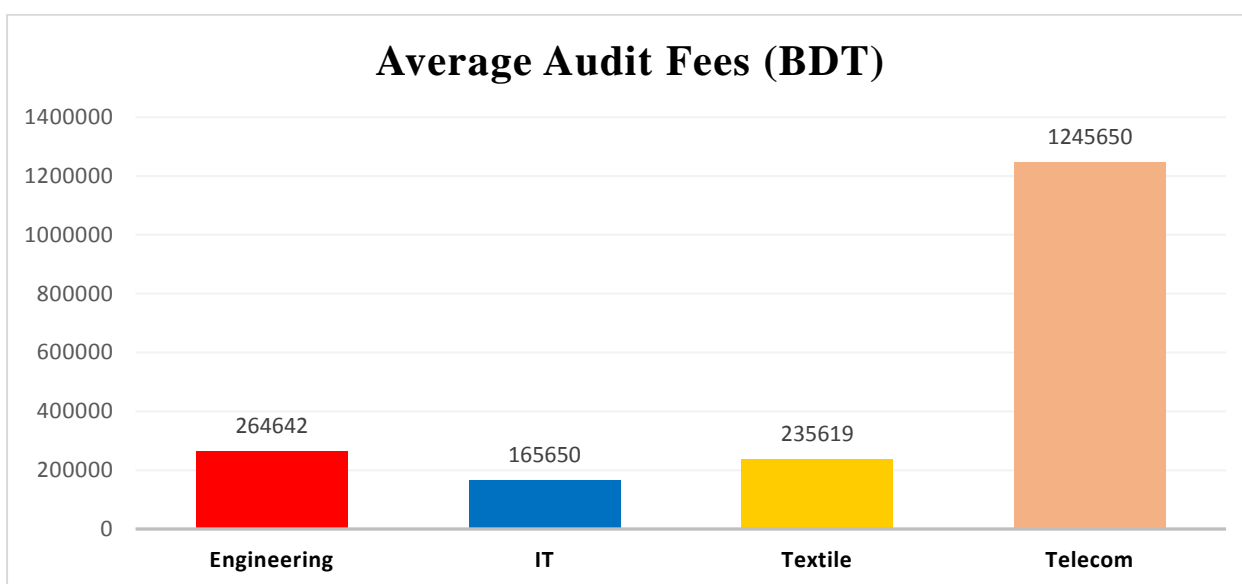


Figure 1: Average Audit Fees

Audit fees varies because of some reasons such as company size, reputation of audit firm, annual turnover of the company, asset of the company, reliability of audit firm and assurance of audit firm. Here, we find out four different types of industry's average audit fees. Among the four industries Telecom industry have more average audit fees than others industry which is **BDT 1245650**. Almost four times than others. Here, Engineering industry in second position then Textile and IT industry. IT industry's average audit fees is lower than the others which is **BDT 16565**. May be they having less turnover or having more errors towards their financial statements or audited by less renown firms. If we compare between Engineering and Telecom we can see that the average audit fees are likely same. If we comapre among companies Textile industry we find that Paramount Textile Limited having more audit fees in a financial year which is 1002500 Taka than others. On the other hands, Modern Dyeing having the lowest audit fees which is 28500 compare to others. If we go for Engineering companies we find that Appolo Ispat Complex Limited having the highest audit fees in a financial year which is 945000 Taka and BD Autocars Limited having the lowest audit fees

which is 30000 Taka. In IT industry IT consultants Limited having the highest audit fees which is 588583 Taka and Intech Limited and Information Services Network Limited both having the lowest audit fees in a financial year which is 50000 Taka. Finally, for the Telecom companies GP having the highest (BDT 2500000) and Bangladesh Submarine Cable Company Limited having the lowest (BDT 189750) audit fees for the single financial year.

Comparison of Average Total Assets:

Industry	Engineering	IT	Textile	Telecom
Average Total Assets (BDT)	8046682581	1054875219	3882692113	70242219428

Table 2: Average Total Assets

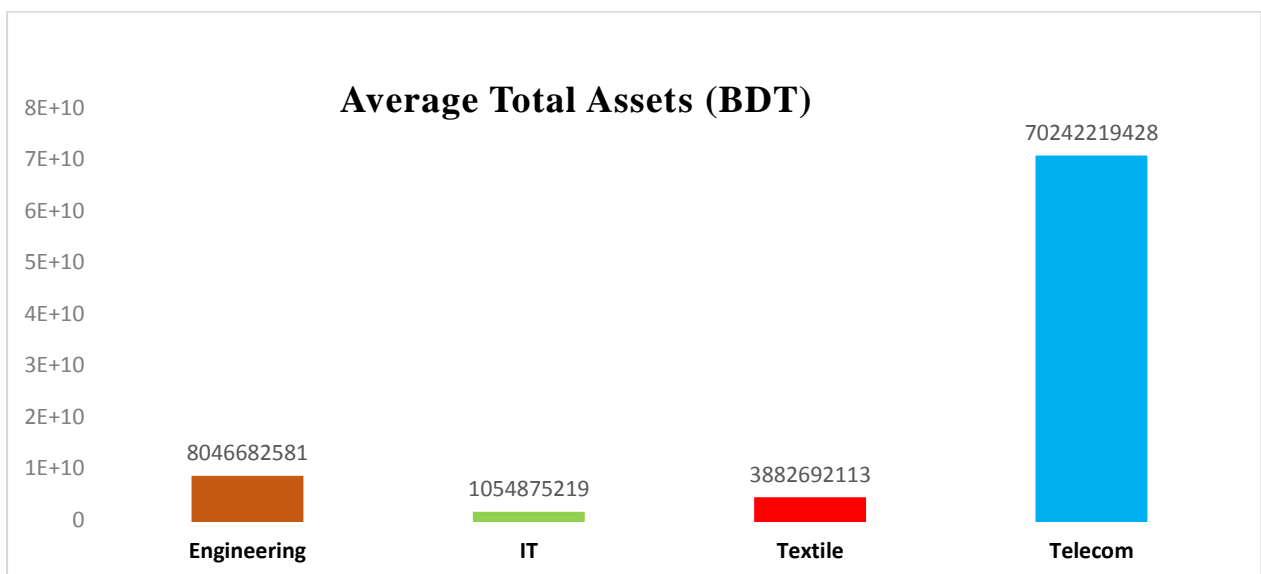


Figure 2: Average Total Assets

Total assets represent the economic value of the company. Its represent the financial stability of a company in capital market. The investor review the company’s total asset whether they have enough economic stable or not. Here, among the four industries Telecom industry have more average total assets than others which is around **BDT 70242 million**. In Telecom industry GP is the giant company in Bangladesh. That’s why the average total assets is much more than other three industries. Which indicate that how much stable they are. After Telecom industry Engineering industry having more average assets than IT and Textile

industry. Among four industries IT industry having lowest average assets than others which is around **BDT 1054 million**. It's indicate that they are less stable in capital market than others. In the comparison of total assets among engineering companies we find that Bangladesh Steel Re-Rolling Mills Limited having the highest total assets for a financial period which is BDT 76596706008 and Monno Jute Stafflers Limited having the lowest total assets which is BDT 41259408 for a financial year. For Textile companies Envoy Textiles Limited having more assets than others in a financial period which is BDT 17464637646 and Monno Jute Stafflers Limited having the lowest assets for a financial period which is BDT 15225140. In IT industry IT consultants Limited having the highest ranked in terms of total assets which is BDT 2532860267 and Information Services Network Limited having the lowest total assets which is BDT 211758851 for a financial years. Finally, In the Telecom industry GP having the highest total assets which is BDT 138713372000 and Bangladesh Submarine Cable Company Limited having the lowest total assets which is BDT 4765770184 for a single financial year.

Comparison of Average ROA:

Industry	Engineering	IT	Textile	Telecom
Average ROA (%)	3.65	5.52	3.61	10.88

Table 3: Average ROA

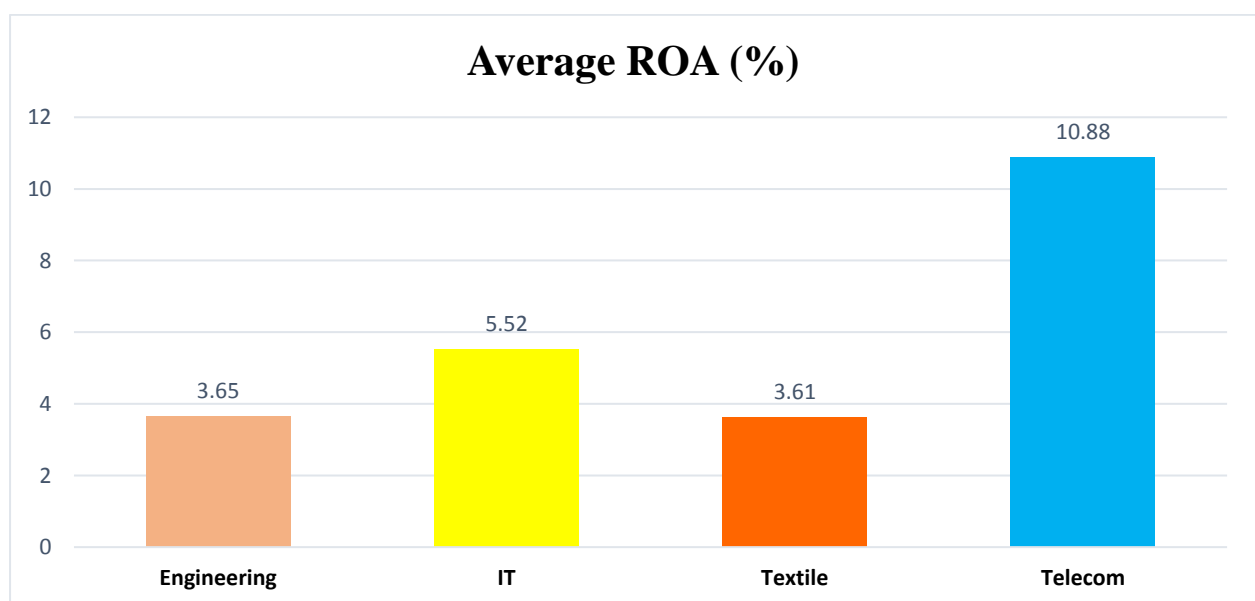


Figure 3: Average ROA

Return on Assets (ROA) is the indicator of how efficient the company is at using its assets to generate profit. It represents the company's performance towards assets. It also indicates that how well the company utilizes its assets and makes earnings for the shareholders of the company. Here, the Telecom industry has a more average ROA than others which is **10.88%**. Then the IT industry has **5.52%**. Engineering and Textile industries almost have the same average ROA. Among them, the Textile industry has a less average ROA than others which is **3.61%**. So, we can say that the Telecom industry is more efficient for generating earnings from its assets. The IT and Textile industries show less performance towards utilizing its assets compared to others. In the comparison of ROA for Engineering companies, Quasem Drycells has the highest ROA which is 21.27% and Aziz Pipes Limited has the lowest ROA which is -24.09% for a financial period. For Textile companies, Familytex (BD) Limited has the best ROA which is 22.08% and Dulamia Cotton Spinning Mills Limited has the bad ROA which is -21.14% for the financial period among others. In the IT industry, Daffodils Computers Limited has the highest ROA which is 12.45% and Information Services Network Limited has the lowest ROA which is 3.32% for a single financial period. For telecom companies, GP has the highest ROA which is 25.20% and Bangladesh Submarine Cable Company Limited has the lowest ROA which is 0.70% for a single financial year.

Comparison of Average Net Profit:

Industry	Engineering	IT	Textile	Telecom
Average Net Profit (BDT)	295709128.9	55517651.62	139540289	12504743689

Table 4: Average Net Profit

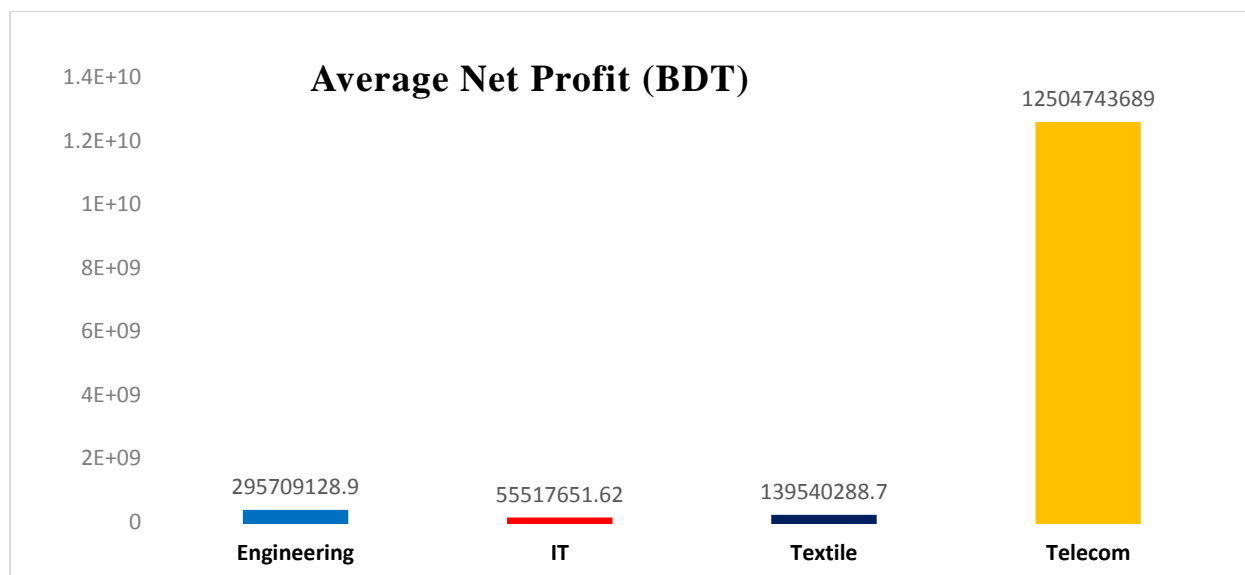


Figure 4: Average Net Profit

Net Profit indicates the company's financial health in capital market. Here, among the four industries Telecom industry have more average net profit than others which is around **BDT 12504 million**. Engineering, IT and Textile are not near to the Telecom industry. After Telecom Engineering industry having more average net profit than Textile and IT which is around **BDT 196 million**. Among these four IT industry having the lowest average net profit compare to others which is around **BDT 56 million**. Telecom industry is in better position compare to others because they are able to generate more profit from their revenue. Its also helpful for them to attract more investors for invest to them. In the comparison of net profit for engineering companies BSRM Steels Limited having the highest net profit for a year which is BDT 4521683980 and Golden Son Limited having the lowest net profit which is BDT - 218821858 among engineering companies. For IT industry IT Consultants Limited having the highest net profit for the year which is BDT 118124599 and Information Services Network Limited having the lowest net profit among others wich is BDT -7713140 for a single financial period. In Textile industry Familytex (BD) Limited having the highest net profit which is BDT 911386173 for a financial year and Alltex Industries Limited having the lowest net profit for a single period which is BDT -446190370. For Telecom industry GP having the highest

net profit for a single financial period which is BDT 34949231000 and Bangladesh Submarine Cable Company Limited having the lowest net profit which is BDT 73260471 for a financial year.

Comparison the Good and Bad Audit Opinion:

Industry	Engineering	IT	Textile	Telecom
Unqualified (%)	96.36	85.19	99.45	75
Qualified (%)	3.64	14.81	0.55	25

Table 5: Good and Bad Audit Opinion

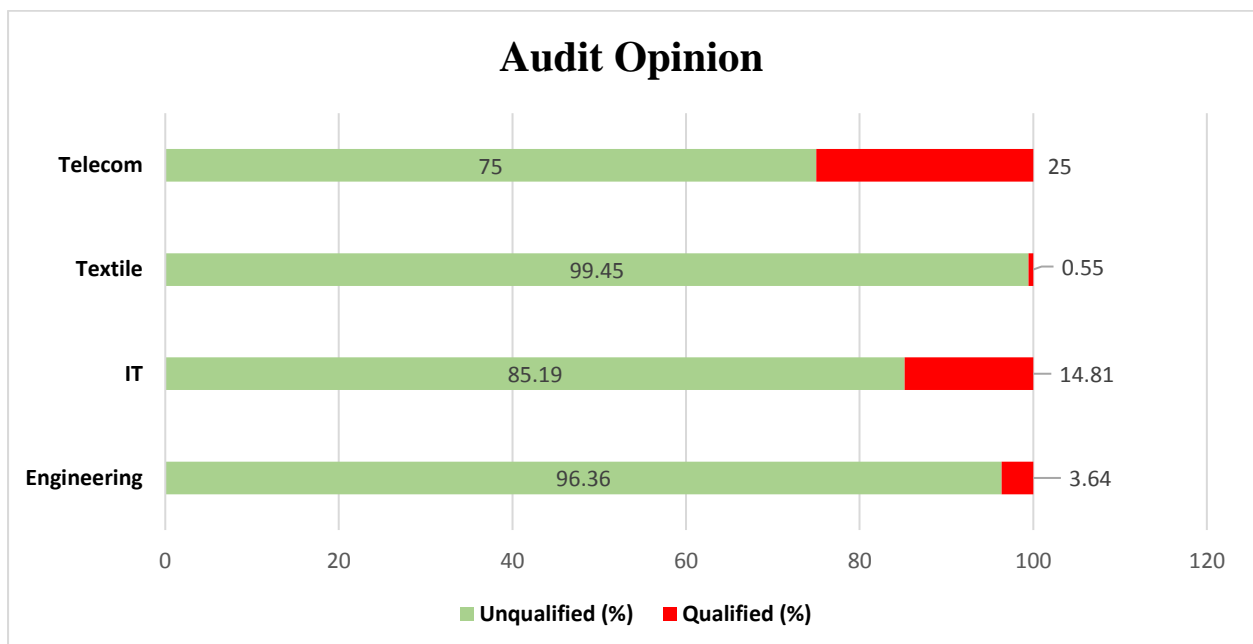


Figure 5: Good and Bad Audit Opinion

Here, we judge unqualified opinion as good opinion and qualified opinion as bad opinion. Unqualified opinion means the company follows the accounting standards and have not hidden any important facts. On the other hand, qualified opinion issued when a company doesn't follow accounting standards toward some facts and having inadequate disclosure. After analyzing four different industries audit opinion we find some qualified opinions. Here, the Telecom industry having more qualified opinion than others which is **25%**. Textile industry having less qualified opinion which is **0.55%**. Engineering industry having **3.64%** and IT industry **14.81%**. So, we can say that Textile industry follows more accounting standards and

make clear and fair disclosure than others industry. While Telecom industry is much more behind to follow accounting standards. If we compare the number of good and bad opinion the we can find that in engineering industry Anwar Glavanizing Limited having two qualified audit opinions which is the highest among other engineering companies. Also Apollo Ispat Complex Limited and Quasem Drycells both having one qualified audit opinions. The rest of the engineering companies having unqualified audit opinion which means good for the companies. In IT industry Information Services Network Limited having the highest number of qualified opinion which is 3 out of 3 opinion and Intech Limited just have one qualified opinion. And the rest of the companies having unqualified audit opinions. In Textile industry Dacca Dyeing & Manufacturing Company Limited having one qualified audit opinions and they are only one in textile industry who are having the qualified audit opinions. In Telecom Industry Bangladesh Submarine Cable Company Limited having two qualified opinions out two industry qualified opinions. GP having unqualified audit opinions in every year which is good for the company.

Recommendations and Conclusion

For this study we selected four different types of industry and in these industries the companies are publicly listed. We analyze these industries compliance system regarding audit and found many results.

It is important for companies to following the accounting standards and maintaining adequate disclosure. After analyze the audit opinion we found that Telecom industry having more bad opinion than others. They may not following accounting standards or make some errors. They have to come out from this position by following accounting standards and making clear and fair disclosure for their investors.

If we look about the financial stability of this industries we can find that It industry are less vulnerable compare to others countries. May be the reason behind this situation is they are the newcomer in capital market. It is not always possible enter in capital market and making more assets. They can slowly increase their financial strength by making some investment and keeping some fixed assets. Textile industry is not far behind the IT industry compare to their financial strength. Textile industry is one of the promising sector in our country for develop our economy. So, Textile companies need to strength their stability by acquiring more fixed assets.

We analyze which industry is more efficient towards making more profit from its assets. Here, Textile industry is less efficient than others. They need to increase their efficiency towards assets. If they properly utilizing their assets then the efficiency will come. Engineering industry also not in good position for utilizing their assets. Both industry have to reducing their assets cost, increasing revenue by reducing company's expenses.

At the end, The main purpose of audit is to give a true and fair view towards the companys financial statements and also the non financial disclosures. Audits gives the assurance to others that the companies are free from errors and following accounting standards. In this study we try to figure out some audit aspects and analyze many company's audit opinion. Most of the company try to keep their financial record free from errors. Some of the companies audited by big audit firms like GP audited by Rahman Rahman Huq. When the company audited by reknown audit firms then they are more reliable to outsiders.

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