



INTERNSHIP REPORT

Risks of Audit in Consumer Knitex Limited



COMPAGNIE **M**AURICIENNE DE **T**EXTILE LTEE



Risks of Audit in Consumer Knitex Limited

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Date of Submission: 15th May, 2019



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QUEST FOR EXCELLENCE



Letter of Transmittal

15th May, 2019

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Subject: Internship Report on “Risks of Audit in Consumer Knitex Limited”.

Dear Madam,

This is to inform you that I have completed the internship report that is part of my BBA Program. The paper comprises of my experience in CKL during the period. The topic of this report is "**Risks of Audit in Consumer Knitex Limited**". I have devoted my time and energy sincerely to include all the information. In writing this report, I have followed the instructions that you have given and as well applied relevant concepts that I have learnt throughout my BBA program. The contents provided in this report are all my own, though some information and references have been taken from different sources to facilitate the report.

However, I will be glad to clarify any discrepancy that may arise.

Finally, I would love to express my gratitude for your supportive thoughts and kind consideration during this period.

Thank you.

Sincerely,

Belal Elahi

ID: 114 151 020



ACKNOWLEDGEMENT

The internship program helps students or undergraduates to gather raw experience and become accustomed with the corporate world. My internship period was of three months. I am grateful to CMT-BD, a multi-national RMG, to appoint me as their intern and helped me to enhance my skills and competencies.

First of all, I want to express my gratitude towards my supervisor, **Lamia Alam**, who has helped me in every steps of my internship. At the same time, I am very much grateful to **Md. Sadiqur Rahman, Md. Zaber Tauhid Abir and Ms. Zabin Tasnim Oni** for giving me the opportunity and helping me during these three months to shape myself.

I also want to express my gratitude towards **Mr. Francois Gilles Tam Fat Woo** (Managing Director), **Mr. Sanjay Kumar, Mr. Amber Hurry** and all individual of the Consumer Knitex Limited for their all-round support during my internship period.

Last but not the least. I want to thank all the readers and the sources from where I gathered data and information to prepare this report.



EXECUTIVE SUMMARY

First of all, I have given an overview of Consumer Knitex Ltd in this report. I have provided their mission, core value, and strategic objective and as well their strengths, weaknesses, opportunities and threats. I have also discussed the limitation, methodology and the objective of this report.

This report consists of information related with the risks of audit that Consumer Knitex Limited has faced in the process of their operations. The parent company of CKL's name is Compagnie Mauricienne de Textile Ltée which was set up in 1986 in Mauritius. The aim and value of this company is "From where we come... to where we're going". Consumer Kitex Limited has started its operation in October 2011. It is specialized in the design and production of fast fashion jersey wear products for the finest clothing brands and fast fashion retailers. Their main product is T-Shirt, Polo-Shirt, Jersey-wear, women and kids wear. Completely vertically integrated from product design, textile manufacture, garment production to shipping into distribution centers. All of CKL products are mainly exported to United Kingdom, France, Hong-Kong, Singapore, USA, Spain and China.

This topic will involve information on my activities and duties that were assigned me during this temporary involvement with CKL. I have tried to provide data on all issues starting from internal review of CKL to their SWOT analyzation.

Lastly, after scrutinizing CKL and my internship program, I have expressed my common insights on CKL in the report as well. CKL has faith in 'Quality never vanishes' and refuses to compromise with anything until the point when it surpasses the current standard.



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CHAPTER

1.0 INTRODUCTION

1.1. Brief Introduction of the RMG industry in Bangladesh

Bangladesh is a South Asian country marked by lush greenery and many waterways and has a population of around 164.7 million. The country has largely count on upon farming, but it's the readymade garments (RMG) of our country that have dubbed as the highest earning industry of foreign currency. The textile and clothing industries is the main performer of growth in Bangladesh's rising economy. This particular sector of Bangladesh has been the pioneer and prime contributor to the country's export earnings, that is, 83.4% of total export; moreover it generates employment of 4.4 million, 80% of which are women.

The "Made in Bangladesh" tag has brought glory for the country, making it a prestigious brand across the globe. Bangladesh was once considered a "bottomless basket" by doubters but it has now become a magnificent country with "basket full of wonders" and a prime place for business and investment. Our beautiful Bangladesh is progressing by constantly maintaining an annual average GDP of 6% and it has also experience an astonishing reformation in social and human development. The Garments sector has played a major role in rebuilding the country and its economy. Once our main export earning used to come from jute industry but when it started to lose its fame, it was the RMG sector that replaced it and then overtook it as well. This industry has been the prime export division and a very important foundation of foreign exchange for last 25 years.

According to a study of World Bank, between the period 1972 to 2014, the GDP of Bangladesh has grown by 27 times. The RMG sector has been the main contributor in this extra ordinary growth. RMG's contribution to Bangladesh economy is well-known, well-appreciated and well-respected. Garments industry is the largest export industry for our country and it contributes 83.4 % of total export.



RMG companies in Bangladesh form two groups, formal and informal. Woven and knit products are the two main broad categories of manufactured garments. The main woven products includes shirts, T-shirts and trousers and main knit products includes undergarments, socks, stockings, T-shirts, sweaters and other casual and soft garments. The share of knit garment products has been increasing since the early 1990s, such products currently account for more than 40 percent of the country's total RMG export earnings. Although many different types of garments are produced in this country, but only a certain category have made a name out of themselves in the market, for instance, Sweaters, Jackets, T-shirts and Shirts contributes the most in market share. Economies of scale and export-quota holdings in the said classifications are the foremost causes for such a fine merchandise concentration in this industry.

1.2. History of Garments of Bangladesh

The textile sector was first established in this region during the 19th century. The first export from this region was in European market and the shirts were produced from Karachi. After the independence, around nine textile companies operated in Bangladesh and among them Riaz Garments, Jewel Garments and Paris Garments were the three largest industries

The forerunner of this industry is Riaz Garments which started its business in 1960. The RMG industry as a whole began formally in the late 1970s, for the next 10 years it experienced a growth trend and alas the industry reached its peak growth after 20 years, that is, during the 1990s.

“Desh Garments” is another pioneer of Bangladesh RMG sector. In 1979, Desh Garments started a joint project with South Korean company “Daiyuu”. During the period, many renowned garments company of today such as Stylecraft, Aristocraft or Sunman group began their journey. Some other ambitious and passionate entrepreneurs followed the footsteps and started their textile business in the country. The RMG sector of our country started to evolve from there and now it has turned out be the greatest export earning industry.

Between the periods of 1992 to 1999, the RMG sector of our country experienced the largest growth in terms of number of new companies setting up their factories. The business in this sector has developed during the 1990s at around 22 percent. Our country is now one of the 12 largest clothing exporters of the world.



1.3. Objectives

Internship program is designed to experience the corporate world physically and accurately. The program helps a student to shape and build themselves as well as their career. This program also helps a student to broaden their minds and they can get also grasp the running of a business and their happenings.

The internship program has helped me to develop a certain perspective of corporate world and enumerate some objectives.

1.3.1 Primary objective:

- To fulfill the requirements of BBA in AIS program.
- To prepare an internship report based on my own experience.

1.3.2 Secondary objective:

- To gather information and adapt myself with the operation strategy and environment of CKL.
- To evaluate the risks of audit in this company.
- To study the different types of risks that a company may encounter.
- To suggest some recommendation on how to overcome certain audit risks in the company.

1.4 Methodology of the report

1.4.1 Data Design:

A student has to follow some protocols while preparing any report. One has to collect data through different sources then analyze those data. I have collected information from both primary and secondary sources. I have taken out some information from having a discussion with my supervisor and other employees and at the same time views of other concerned are also included after surveying secondary sources



1.4.2 Data Collection procedure:

Primary sources

- Observation of daily activities.
- Visitation of the market
- Discussion with the Project Supervisor.
- Informal discussion with the officers of Finance and Audit department as well as other employees of CKL.

Secondary sources

- Official website of the company
- Income Statement, Balance Sheet.

1.5 Limitations of the Study

I have made my full effort to make this report accurate to pay appropriate regard to my internship supervisor. However, I had to face some difficulties to prepare this report and they are:

- I could not collect adequate information because of limitation of time.
- The sample size included only the well-known garments companies.
- The information collected could not be verified thoroughly because of lack of sources.
- Difference of opinion may arise between my findings with experts in the field.



ORGANIZATIONAL PART





CHAPTER:

2.0 ORGANIZATIONALPART

2.1 Overview of Organization

This section includes vision, mission and organization chart of Compagnie Mauricienne de Textile Ltée (CMT).

2.1.1 Vision

TO become the world's leader in the jersey wear industry. They have a strong commitment to quality and fervor for being the best.

2.1.2 Mission

From where we come... to where we're going.

We strive to be the number one world-class manufacturer of top quality garments and jersey wear, by investing in technology promoting training and development for our people. By becoming a hub for learning; we will contribute to our country's social and economic development. Our passion shall take us beyond our dreams!"

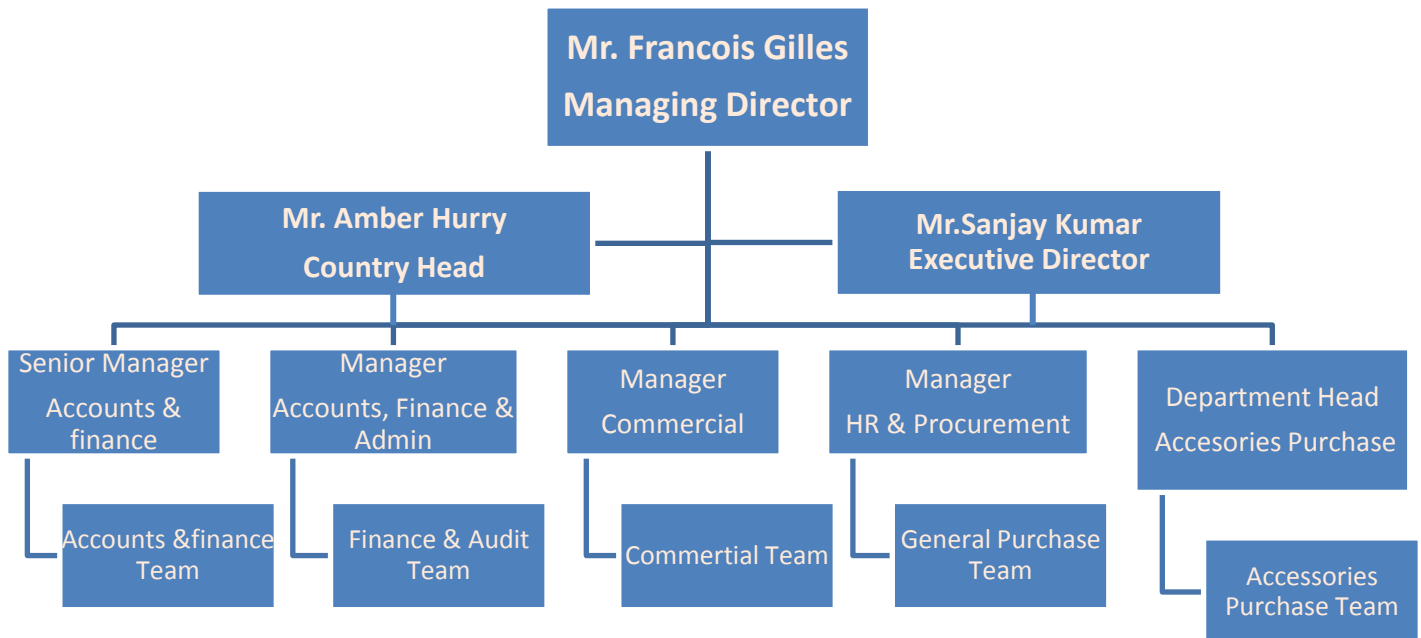
We are the Dream Team!



COMPAGNIE **M**AURICIENNE DE **T**EXTILE LTEE



Organogram of Compagnie Mauricienne de Textile Ltée (CMT)





2.2 History and Short Brief of Organization

Compagnie Mauricienne De Textile LTEE is one of the leading vertically integrated garments manufacturers in the world. This Company was established in 1986 in Mauritius by Louis Lai Fat Fur and Francois woo. The organization started the journey on a small scale but with a wider goal of turning this business into the world's biggest shirt industry. CMT is on its course to accomplish their goal as they have made some great impact and development during the course of time. They has made a great impact on Mauritius and established themselves as the largest shirt wear producer in both Mauritius and the Sub-Saharan locale. CMT has become a pioneer globally. Their Headquarter is in Mauritius and their promoting offices are situated in France, UK and recently in New York.

CMT Bangladesh started its journey as a multinational company in 2010 with CMI limited. CMI limited is an investing company for CMT Bangladesh. In the year 2011, CMI first acquired Dignity Textile Mills Limited (DTML) in Bhaluka and then took over Consumer Knitex Limited (CKL). They expanded themselves again in 2016 by starting a new factory of CKL unit 2 in Trishal. Consumer Knitex Limited has a corporate Head Office which is situated at Panthapath, Dhaka.



2.3 CMT Key Assets:

CMT key assets are its employees. Employees are highly motivated to provide superior customer value. CKL have around 10,000 employees who are like one family. CKL's other key assets are:

- Product design & development:

A fantastic designer group upgrades their product design consistently according to R&D teams.

- Information and communications technology:

Strong online based order placement and information & technology-based system operation help them to provide fastest service.

- Customer care and marketing:

A professional team work behind it. They analyze customer fashion trends & market. They also track production & monitor until customer warehouse.

- Quality management:

CMT always emphasize to ensure their product quality.

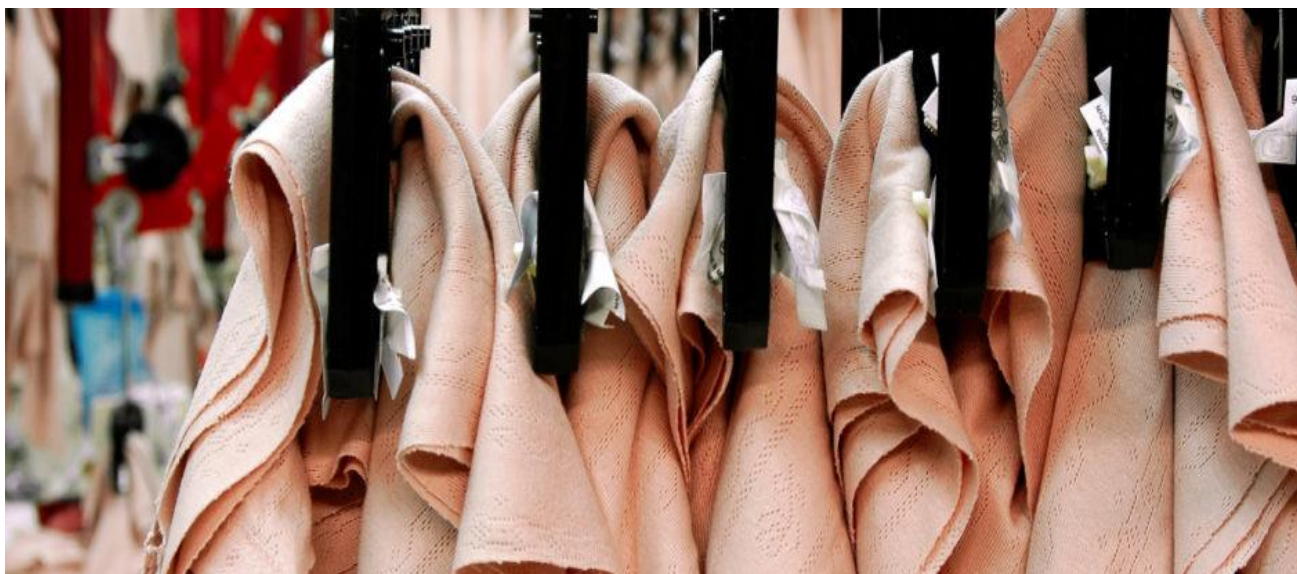
2.4 The Head Office of Consumer Knitex Limited

The head office consists of 5 Departments, Finance Accounts & Audit, Commercial, General Purchase, Accessories Purchase and HR-Admin.

- Finance Accounts & Audit: This department deals with all kinds of payments associated with CMT BD and it also works for maintaining integrity and accuracy for all other departments.
- Commercial: This department handles all kind of import-export activities for CMT BD.
- General Purchase: The employees in this department buy the entire factory's items-equipment needed for everyday operations and production.
- Accessories Purchase: They work for buying all the accessories items needed in factories for RMG manufacturing.



- HR-Admin: This department is responsible for providing administrative aid in information management systems, human resources, payroll, acquisition and communication.





Mauritius Head Office of CMT



Head Office of CKL in Dhaka



Factory of CKL



CKL's Spinning Mill.



The company is progressing with quite a dynamic approach. They have a pledge and commitment for being the best in the industry and this motivates CKL's personnel to show utmost energy and passion. The fact that all the managements of CKL have been with the business from their self-effacing beginning shows that CKL has been growing steadily ever since. CKL is now the dreamers, the visionaries making development of the company and their people.





CHAPTER:

3.0 THEORETICAL

BACKGROUND OF AUDITING

3.1 Purpose & Objectives of Auditing

3.1.1 Objectives

The purpose and goal for external audit and review is to express an idea on reality and authenticity of fiscal summaries.

In general, the proprietor rarely oversaw organizations but they have direct information of the events of their business, the administrators and ownership is mostly isolated on the case of substantial organizations that have a large number of investors. In partnerships business, stakeholders entitle people to run the business for their sake. This separation of ownership and management raises the need for an independent review from outside body.



Fiscal summaries are the process from where investors attain raw information of their company and undertakings, as we know, the management is in charge of the planning and execution of budget reports, investors need to rely on outer check by an independent audit inspectors to make sure that the records are free from material errors and fraud. Moreover, in this way it can also depend upon to display of genuine and reasonable outlook of the issues of the organization.



3.1.2 Reliability

Aside from the owners of the business, there are other parties who have to depend on budget summaries given in fiscal reports. External audit enables these parties to depend on fiscal reports for their individual purpose. The clients that depend on evaluated budget reports, apart from investors, include the following:

Tax Authorities rely on audited budget summaries to oversee the accuracy with which the organizations have documented government forms.

Financial Institutions tends to see audited records to evaluate the liquidity strength of their borrowers and budgetary position.

Administration uses the report to reexamine the organization's threat that the board may form. In addition, they also oversee the interior control framework of their company by taking account disapproval or lacking suggested by outside examiners during their course of evaluation.

3.1.3 Scope

Audit scope is defined as the amount of time and documents which are involved in an audit is an important factor in all auditing. The audit scope institutes how deeply an audit is performed. It can vary from simple to complete which includes all company documents.

Budgetary review is exercised to give a 'sensible' confirmation over the exactness of fiscal reports. It hence does not give supreme verification that misrepresentation has not occurred in the budget summaries. An external audit can never give hundred percent guarantees that the report is free from error.



3.2 Types of Auditing

There are mostly 7 types of auditing and they are:



3.2.1 External Audit

An external audit is performed in accordance with specific laws or rules of the financial statements of a company. The auditor is independent of the entity being audited; it may be conducted by a regulatory agency or governmental agency. This type of audit is most commonly intended to result in a certification of the financial statements of an entity. This certification is required by certain stakeholders. The companies follow certain accounting framework such as IFRS to report their financial information,

3.2.2 Internal Audit

Internal auditing is an independent assurance and consulting activity designed to add value and improve an organization's operations. An internal audit is conducted by members of the same organization or business. It helps a company to accomplish its objectives by bringing an



organized, disciplined approach to estimate and improve the effectiveness of risk management, control and governance processes.

Interior review is commonly base on some principles and they generally oversee particular areas which include:

- Observing the efficiency of internal controls and suggesting developments
- Examining occurrences of deception and theft
- Monitoring obedience with rules and protocols
- Evaluating risk controlling strategies and actions of the company
- Inspecting the effectiveness, efficiency and economy of operations and processes

3.2.3 Forensic Audit

A forensic audit is an examination and evaluation of a firm's or individual's financial information for use as evidence in court. It might be needed on issues such as:

- Fraud inquiries connecting misuse of funds, money laundering, tax dodging and insider transaction
- Estimation of the profit share of business partners in case of a dispute
- Determination of claims related to accountancy profession because of negligence

3.2.4 Public Sector Audit

A public sector audit is related with the auditing that covers the healthcare, government, charities, education, and other public non-for-profit organizations.

This type of audit includes the examination of the budgetary issues that claimed or stated particular undertakings or projects. The auditor investigates whether a proper approach was taken to complete the proposed undertakings. Moreover, they also examine whether the project gives greatest benefit to the general people or not.



3.2.5 Tax Audit

A tax audit is an examination of an organization's or individual's tax return to verify that financial information is being reported correctly.

The tax auditor review the expenses recorded by a company to assess the accuracy by which government forms or protocols are followed. In this way, the auditor can measure any finished or work in progress duty obligation.

3.2.6 Information System Audit

An information system audit or is an examination of the controls within an entity's information technology infrastructure. IT also reduce the risk of data tampering or loss, service disruption and poor management of IT systems.

The accompanying parts of data framework needs to be assessed by an auditor:

- Design and internal governance of structure
- Records safety plus security
- Functioning feasibility and yield
- Data formulating and trustworthiness of the inside scenario
- Structure development standards

3.2.7 Environmental & Social Audit

Environmental & Societal audit involves assessment to identify compliance of environmental & social aspects of projects & also identify application gaps, along with related remedial actions.

Organizations of all kinds now recognize the importance of environmental matters and accept that their environmental performance will be scrutinized by a wide range of interested parties. Thus, companies now include a circumstance and supportability report which depicts the consequence of their company's operations on environment and society and the actions taken by them to diminish any unfavorable consequences.



3.3 Steps of Audit

An audit is an official review and checking of money associated records of an individual, business or association. In most companies, an inspection is conducted by the internal audit department or by an accounting firm or external auditor. In order to give an assurance of a successful review, six steps must be pursued in an audit procedure,





Step 1- Asking for Documents

The auditor generally asks for records to the companies that are recorded on an audit preliminary checklist. These records may incorporate a duplicate of the past review report, original bank statements, receipts and records. The auditor takes data and information to learn about the organization and their accounting policies.

Step 2- Setting up an Audit Plan

The auditor investigates the data contained in the records and plans out how the review will be directed. An effective audit plan requires the overall scope to be evaluated thoroughly and then documented.

Step 3- Planning an Open Meeting

The auditor and the senior management or important staffs of a company gather to discuss issues related with auditing. They try to resolve issues such as time span of audit or scheduled vacations through dialogues. The overall audit strategy may be discussed as well.

Step 4- Directing Fieldwork

Fieldwork is then directed by addressing staff individuals and surveying methodology and procedures. The auditor tests for consistence with arrangements and systems. It is very important to assess internal control because this procedure is used to endure that proper approvals are in place before transactions are entered in the system.

Step 5- Drafting a Report

The auditor finalizes everything here. This is the formation of a report to administration that summarizes all the processes used to conduct the audit, the result of the procedures and supporting documentation. The auditor at this point also asks for reasons of concerns if there is any.



Step 6- Setting Up a Closing Meeting

The auditor requests a reaction from the executives that demonstrates whether they are in agreement with the contradicting issues in the report, a portrayal of the board's activity intend to address the issue and an anticipated finishing date. At the end of the meeting, the gathered parties resolve all pending issues and come to an agreement.

3.4 AICPA Generally Accepted Auditing Standards

The auditors can carry out their professional responsibilities in the examination of budget summaries conveniently following the general rules of Auditing Standards. The standard measures were created in 1947 by AICPA. The standards are:

3.4.1 General Standards

This focuses on the basic personal qualities that should be attributed by an auditor.

- The auditor must have adequate skills and competency in the preparation and composition of the evaluation.
- Independence should be kept in each and every matter associated with the audit.
- It is essential for the examiner to workout utmost responsibility in the process of the review and the preparation of the report.

3.4.2 Standards of Field Work

It is associated with the evidence gathering and other undertakings throughout the actual running of the examination.

- The examiner should pleasingly strategize the plan and work and ought to correctly bring about any associates.
- The Assessor must get sufficient understanding of the component and its condition, including its internal control, to assess the threat of material misstatement of the fiscal



reports. She/he should also construct the timing, nature, and degree of further audit methods.

- The examiner must obtain sufficient evidence by executing evaluation techniques and procedures to construct an appropriate opinion regarding the financial statements based on a reasonable procedure.

3.4.3 Standards of Reporting

- The examiner must specify whether the financial statements are presented in accordance with GAAP or not in his report.
- The auditor must identify in his report the situations in which standard principles were not followed consistently in the current period in accordance to the past periods.
- At the point when the reviewer discovers that instructive divulgements are not sensibly satisfactory, the evaluator should so state in the inspector's report.

The evaluator should either express a conclusion with respect to the budget reports, taken all in all, or express that an assessment can't be communicated, in the reviewer's report. At the point when the auditor can't express a general feeling, the reviewer should express in his report the causes for which an opinion can't be constructed. In all situations where an evaluator's name is related with fiscal summaries, the inspector ought to plainly show the character of his work in the report and as well include the level of responsibility taken by him/her.



CONSUMER KNITEX



CHAPTER:

4.0 INTERNAL AUDIT OF CONSUMER KNITEX LTD

An internal assessment or audit is performed with a simple motive of finding problematic areas by devoting some time and case to monitor every day running of the business and suggesting the areas for improvement. The examination by auditors identifies the areas where waste is occurring and it also identifies any falsified actions or activities by the personnel of the company. An internal audit ensures a sustainable and appropriate operation of the business which may benefit the company in the long term. Therefore, a finance and audit department has been implemented in CKL which should help them to combat with the above stated complications and ensures honesty and integrity is followed in the company.

4.1 Identifying Fraud

Private organizations such as CKL ltd lose huge sum of money on a consistent basis due to unethical practice by employees. It can occur because of falsified information submitted by different employees of the company. Moreover, robbery of money, exploitation of the company or incorrect finance exchanges can also take place as a fraudulent activity. To lessen such occurrences, CKL has formed an internal audit section. It is done by two employees of that company, they are appointed for checking work and the conduct of the employees of the company. To be honest, every organization should have an internal audit department to protect the assets of the company being abused by employees.



4.2 Overseeing the Efficacy of Internal Controls and Recommending Improvements

An Internal Audit does not only identify fraudulent, there is so much to observe of the company. However, in Consumer Knitex Ltd, they only check all kind of bills and mainly try to find out any type of occurrence related to fraudulent. They follow different methods to ensure that these bills are free from error and fraud.

4.3 Observing Compliance with Laws and Regulations

Is the company following relevant directions? A quickly growing venture needs to screen consistence with human asset laws as new representatives join the organization. Internal audit plays out a fundamental administration in looking into these capacities. As I was there for only three months and didn't get to know all the information for confidential issues, I didn't face anything like that, that this company follows or not

- Reviewing and verifying where necessary the financial and operating information
- Evaluating risk management policies and procedures of the company



Audit Risk

CONSUMER KNITEX



CHAPTER:

5.0 AUDIT RISK OF CONSUMER KNITEX

The main component of my report is to identify the risks of audit in Consumer Knitex Limited. Through my research, I found out that almost each and every business that operates in garments sector faces some sort of difficulties in running their business in honest way, thus, a need of implementing an internal audit department arises.

5.1 Legal Associations

An authentic audit implications can be disrupted by flawed or mixed up financial information. Therefore, it is auditors' duty to ensure that information on budget reports are presented in an accurate way. It is because this report is usually read by banks or government. It is compulsory by law for auditors to report accurate findings backed by their decision on Consumer Knitex Limited.

Due professional consideration is one characteristic that auditors should always follow. Due consideration, in the language of auditing, is a specialized term which means that one will give the matter all the thought it deserves. Thus, the auditor must record each phase of the review procedure altogether by taking into consideration all benchmarks. Due expert consideration infers that:

- Thereviewer must have the expected abilities to do the review on Consumer Knitex Ltd.
- There is an obligation to approach the assignment with consideration and attentiveness.
- Thereviewer is relied upon to act in compliance with common decency and respectability, be that as it may, isn't required to be dependable.
- Subject for carelessness or deceitfulness yet not for unadulterated mistakes of judgment.



5.1.1 Sources of Legal Liability

We should investigate all the included gatherings here. Thus, the auditor examines the triangular connection between the clients, customer, and examiner. Examiners can be sued by customer organizations as well as by different gatherings. Therefore, if there is any occurrence where a contract is being violated between two entities, Consumer Knitex Limited can sue the auditors for the mishap. The user of the report may also take any legal action against the auditor if the latter fails to identify any material mistake that ultimately results in impacting the user's project choices. At long last, the administration assumes a substantial job in bookkeeping so that they don't have to face any embarrassments because of any misrepresentation in the report.



Who might sue	Reasons for suing
Client	Breach of contract
Users	Failure to identify a misstatements
Government	Fraud (issuing an incorrect audit report)



5.2 SWOT Analysis

SWOT analysis is a strategic planning technique used to help a person or organization identify strengths, weaknesses, opportunities, and threats related to business competition or project planning. It is intended to specify the objectives of the business venture or project and identify the internal and external factors that are favorable and unfavorable to achieving those objectives. In SOWT examination there are four sections; first qualities which are inward quality of an association, here incorporate all inside quality of the association. The second shortcoming gives importance to all inner shortcomings of the company while the third shortcoming focuses on how future endeavors of a business can be better enhanced than its rivals. The fourth shortcoming focuses on the external issues and difficulties that an organization may face in the future. The cost at which we can produce the clothing is one of the main factor of achievement and growth of our RMG sector. The RMG is the accessibility of seaward financing for world valued contributions through consecutive under the uncommon reinforced stockroom plot. The nearness of outside purchaser is likewise a central point that presents the arrangement of worldwide subcontracting. The outside purchasing houses are not just conveying the universal market to the doorstep of the neighborhood business visionaries. The remote purchasers additionally guarantee that the accessibility of fundamental sources of info like imported textures, yarn, extras for the business.

The RMG sector of Bangladesh was supported or enhanced more because they were facilitated by the most recent structures and quality checking of item yield. During the 1980s, these measures build up a solid platform for clothing business.



Discussion of SWOT analysis on audit risks of Consumer Knitex Limited.

5.2.1 STRENGTH

The SWOT study talks about four separate variables that are vital for an association. The first factor is Strength. Quality refers to the degree of excellence of something. It is a very important aspect for an organization residing in textile industry. In our country, only a handful number of companies in RMG sector are known for superior quality, CKL being one of them. The qualities of CKL are as follows:

- Strong Internal Control
- Strong Financial Position
- Good Working Environment
- Experience Management
- Effective Sourcing Team
- Compensation
- Production Bonus For workers



5.2.2 WEAKNESS

Each and every business has their shortcomings. As per my observation and findings, Consumer Knitex Limited has the following weaknesses:

- Poor merchandising team.
- Merchandising team controlling their activities from Mauritius.
- Poor marketing tactics.
- Communication gap between staff and owner because of incomplete knowledge of English.
- Lack of training program for factory workers & their supervisors.
- Lack of investors.
- Poor Salary Structure of Workers
- Lack of Well Supervision

5.2.3 OPPORTUNITIES

Every company has a favorable or advantageous circumstance for doing well in future. The opportunities of CKL are as follows:

- Expansion of Market
- Implementation of New Methods
- More Production Orders from Customers
- Opportunity of export in Japan
- Increase in export to USA's market because of their ongoing conflict with China
- Decrease in the cost of maintaining inventory due to the construction of a spinning mill
- Knitwear demand is increasing day by day
- Bangladesh government increase opportunity to invest in RMG sector



5.2.4 THREATS

The threats of Consumer Knitex are given as follow.

- Political environment of Bangladesh is not stable
- Increasing in the unit price of sales for which customers are shifting
- Increase in the cost of import as well the number of competitors
- Bangladesh natural resources are diminishing day by day.

Subject to natural calamities.

Improvement of fire protection is very slow.

The SWOT analysis of CKL was designed to focus on the strength and future opportunities to enhance the performance of the business. At the same time, CKL should construct a contingency plan to combat with the weaknesses and threats that may occur in some point of time in the future.





CHAPTER:

6.0 MY INTERNSHIP AT

CONSUMER KNITEX LIMITED

6.1 Internship at Consumer Knitex Limited



I worked in the “Audit Department” in the course of my Internship of 3 months. I worked in CKL from February to April. I have tried my level best to apply the knowledge and skills that I have developed during my completion of BBA in AIS program. The internship has helped me to get an understanding on how the real corporate world works. The friendly culture of CKL has enabled me to synergize with my supervisor and I had the learning opportunity of a lifetime.

On the very first day of mine at CKL, the manager of audit gave me a short depiction and introduction about the business and their whole practice and departments. He enlightened me and explain me their prime purpose of audit was to make sure that their financial statement are prepared following Bangladesh Accounting Standards. The briefing helped me to get accustomed with the company operation and I deduce that the audit procedure is of great help to not only the company but to all stakeholders as well.

On the first month, my main responsibility was to go through bills of every department to make sure proper documents such as PI, PO or GRN is available and that the bills are prepared following the protocols of the company.

After a month, they asked me to visit market and collect information such as price and quality of general purchase items like stationary or electrical items. It helped me to understand the process of doing assessment more comprehensively.



I am very grateful that both of the employees in audit department mentored me during my first exposure to corporate world. They did not just train me by sharing their own practical experience but also showed me in person how to tackle and deal with the shopkeeper and the technique to bring out information from them throughout the procedure of audit. Therefore, my internship period of 3 months was allocated into two sections, they are:

- A. Review of Bills
- B. Visitation of Market

6.1.1 Review of Bills

I reviewed the bills of different departments during this internship period. Mostly I reviewed the bills of purchase department. Apart from this department, I had to review export and import bills of commercial department. Moreover, I used to check bills of accessory departments as well. Thus, these works gave me knowledge and I got to accustomed myself on how a company completes their accounting records by following the appropriate accounting standards.

Following duties were carried out during my reviewing of bills:

1. Checking the bills of the items that the company had purchased and seeing whether it matches with PO or not.
2. Get acquainted with each and every protocol and particularly some signatures that were important for the approval of buying particular items.
3. It was necessary to observe the mode of transportation during checking export and import bills. It is because there were different bills for different mode of transportation.
4. To make sure that all the particular forms and evidence is attached with the bills which are necessary requirements by the regulatory authority of CKL.

6.1.2 Visitation of Market

Accomplishment and learning of an intern depends upon the field work extensively. It is necessary for an auditor to survey the market to complete the testing and evaluation phase of audit. This field work enables an auditor to gather vital information of the market and they can develop an understanding whether there are any areas that may need recommendations for improvement. Similarly, I need to visit market with my supervisors to develop an understanding



of current market prices for particular products of different quality. This helped us to evaluate the bills more appropriately as we could deduce whether the price stated in the Po matched with the market prices or not. If there was any occurrence of prices deviating hugely, we collected quotation of that same product from the market. The process was to hand the quotation to the audit manager who would take actions against particular employees if any misappropriation seems to have occurred.

During the process of examination, I followed the steps as shown by my boss in charge. These steps were followed when reviewing the bills.

1. A **purchase Indent** should be created by an indenter which would be signed or approved by the managing director.
2. The purchase officer should attach a **comparative statement** which shows different prices of different supplier. The **Quotations** of these suppliers should be attached with the bill as well.
3. A **Purchase Order** will be sent to supplier by the purchase officer to send the particular required product.
4. The bills should also contain a **Deliver Note** and **Goods Received Note** which must be signed by security gate controller and store in charge of either the factory or the office.
5. And finally the **bill** will have to be attached and it must have to match with the **purchase order**.
6. At last, the audit officer reviews the bills and gives his/her signature and a seal which shows that the bills have been audited; the accounts section then has the authorization to clear the bills.





CONCLUSION

&

REFERENCE



CHAPTER:

7.0 CONCLUSION & REFERENCES

7.1 Conclusion

I want to end my report in concluding that I have understood the significance of auditing and inspecting in today's fast world. Auditing has become one of the most important parts for the smooth running of an organization. It gives the safety and confidence against deceiving money related exercises and different exchanges.



The common people incorporated themselves through wrongdoings because of absence of morals, hardship or because of unstable government. Therefore, auditors can recognize errors and cheats through reviewing report or documents and then take care of the problem explicitly and proficiently. An examiner gives proposals for better future results of an association. Obviously, the internship was a trial that helped me to gain expertise in RMG sector, moreover, it has helped to develop me as an individual and give me invaluable information that I could not have acquired from the books. Thus, my involvement in Consumer Knitex Limited was a lifetime experience. They have a decent money related position in Mauritius. Presently today, textile industry including CKL has turned into the greatest gaining wellspring of the nation. Thus, the importance of each and every RMG company is unbelievable. Bangladesh has proved its value in a long while now, so we should have faith in both CKL and other RMG companies that they will contribute in the nation's progress and the general population of the nation will keep having high regard for the sector.



7.2 Recommendation

As a student I will not be able to recommend any company on how to enhance their performance, instead, I can only share my thoughts based on my analysis and there are certain areas or issues where I think there is a room for improvement.

- They can use their asset efficiently and solve management or production problem to increase their total asset turnover ratio and return on assets.
- They need to focus on their expense sector so that the cost can be reduced and they should also think very carefully before reinvestment. It may help CKL to increase their net profit and return on equity.
- Company can provide training to improve areas such communication efficiency, working capacity and time management.
- CKL can use any advanced technology bar code for their Accounts department to keep track of their document instead of maintaining documents in index files.
- The audit department of CKL should also examine the activities of their factory people. They should ensure that the production supervisor is only approving high quality products and is not getting engaged in any kind of syndication.
- Increase scope of career development for employees and add clear service policy.
- Training course or workshop should be available for new employees.
- Improving the motivational activities & incentives for efficient employees.
- Reduce the gap between management & the subordinates.
- Reduce the working hour.



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