“Internal Audit Approaches for Detecting Revenue Leakages: A Study on Royal Cement Limited Based on Internship at KPMG Bangladesh”

By

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Student ID: 21104051

An internship report submitted to the Brac Business School (BBS) in partial fulfilment of the requirements of Bachelor of Business Administration (BBA)

Brac Business School

Brac University

October 2025

Declaration

I hereby declare that:

- This internship report is completely my personal original work, which was written in part due to the requirements of the degree at BRAC University.

- None of this report contains material that has been published or written before by another individual, unless due reference has been provided.

- This report has never been filed, wholly or partially, on any other degree or diploma in any university or institution.

- Every source of aid and support has been given due credit.

Student's Full Name & Signature:

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Nahiyan Asgar Chowdhury

21104051

Supervisor's Full Name & Signature:

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Md. Kausar Alam, PhD

Associate Professor, BRAC Business School

Brac University

Letter of Transmittal

Md. Kausar Alam, PhD

Associate Professor,

BRAC Business School

BRAC University

Kha 224, Bir Uttam Rafiqul Islam Ave, Dhaka 1212

Subject: A report on "Internal Audit Approaches for Detecting Revenue Leakages: A Study on Royal Cement Limited Based on Internship at KPMG Bangladesh"

Dear Sir,

This report is my great pleasure report on Internal Audit Approaches for Detecting Revenue Leakages: A Study on Royal Cement Limited Based on Internship at KPMG Bangladesh, with the completion of my undergraduate degree program in BRAC Business School at BRAC University.

This report will provide you with a short overview regarding my practical experience as an intern in Rahman Rahman Huq (KPMG), Chattogram Branch, under the guidance of an Associate Chartered Accountant known as Mr. Ronojoy Sen as the Branch Manager. I also recorded the lessons and experience I experienced under this internship.

I hope that the report would be of a decent size and contain certain useful pieces of working information about my internship that I had. I like the help and encouragement that I received and I welcome any constructive suggestion or criticism that you may have.

I would like to thank you and your time.

Sincerely yours,

____

Nahiyan Asgar Chowdhury

Student ID: 21104051

BRAC Business School

BRAC University

Date: 13th October, 2025

Non-Disclosure Agreement

As an intern at Rahman Rahman Huq, Chartered Accountants KPMG in Bangladesh I can confirm that I was in fact granted access to confidential and sensitive information regarding both the organization and its clients. I do have a strong responsibility to maintain the confidentiality of such information, both during and even after my internship. I state hereby that I will not reveal, distribute or tell any of this information to any unauthorized person at any time.

Student's Full Name & Signature:

Nahiyan Asgar Chowdhury

21104051

Supervisor's Full Name & Signature:

Md. Kausar Alam, PhD

Associate Professor, BRAC Business School

Brac University

Acknowledgement

I have been able to improve my internship with the aid of Almighty Allah and get an enriching professional experience. I can never have done this without the support and advice of several individuals to whom I owe the debt of gratitude.

I also want to express my immeasurable gratitude to my academic supervisor, Md. Kausar Alam, PhD (Associate Professor, BRAC Business School) who had guided and helped me throughout the internship program. His supervision greatly helped him complete this report.

On this note, I would also like to mention my co-supervisor, H. M. Arif, PhD (Assistant Professor, BRAC Business School) due to his overwhelming support in the form of insights and constructive feedback that contributed to the quality of the work I performed.

The other person I owe a lot to is my on-site supervisor Ronajoy Sen, ACA (Senior Manager, Audit and Advisory Services, Rahman Rahman Huq, KPMG), whose guidance allowed me to enhance practical knowledge and research skills. I would also like to express my gratitude to the other members of my department project since they contributed and collaborated with me and this aspect allowed me to complete this report.

Last but not the least I would like to give credit to the BRAC Business School that provided me with the internship programme that enabled me to integrate theory and practice and to my family who have never forsaken me throughout my academic and internship programmes.

Executive Summary

This report reflects the experiences and findings of my three-month internship (July-September 2025) at Rahman Rahman Huq (KPMG Bangladesh) where I did my work on internal audit techniques to determine the revenue leakages in Royal Cement Limited. The research was concerned with the way internal audits can identify and deal with revenue losses that occur as a result of shipment discrepancies, unauthorized discounts, slow invoicing, documentation mistakes, and Treatment of Tax Deducted at Source (TDS). The internship enabled me to have hands-on experience in internal audit procedures, which included reviewing sales transactions, reviewing financial records and testing adherence to company policies and tax laws. Major goals were to map the revenue cycle, to determine the current practice of audit, to compare the old and the new audit methods, and to suggest the activities that can enhance the internal control. The results have shown that traditional audits have a tendency to find anomalies post-factum, whereas the newer methods, including risk-based auditing and continuous monitoring with the help of analytics, are more efficient at revealing the leakages in a timely and precise way. The paper has also highlighted the need to embrace technology, enhance internal controls, enhance staff training, and ensure strict compliance with regulations as a way of reducing revenue losses. In the light of these insights, it is recommended to integrate the tools that are based on data, improve documentation practices, better adherence to TDS requirements, and encourage the proactive form of auditing as the means to alleviate both financial and operational risks. In general, the internship has been a good experience of learning that helped to close the gap between theory and practice. It not only gave substantial information to Royal Cement Limited but also to internal auditors and regulatory bodies that strive to protect sources of revenue and the maintenance of corporate governance principles in the manufacturing industry in Bangladesh.

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List of Acronyms

1. AMPT - Audit Materiality Planning Threshold
2. RRH - Rahman Rahman Huq
3. KPMG - Klynveld Peat Marwick Goerdeler
4. ACCA - The Association of Chartered Certified Accountants
5. BBA - Bachelor of Business Administration
6. CA - Chartered Accountant
7. ACA - Associate Chartered Accountant
8. CFO - Chief Financial Officer
9. CGPA - Cumulative Grade Point Average
10. CMA - Certified Management Accountant
11. FCA - Fellow Chartered Accountant
12. FY - Financial Year
13. GAAP - Generally Accepted Accounting Principles
14. IAS - International Accounting Standards
15. ICAB - The Institute of Chartered Accountants of Bangladesh
16. ICAEW - Institute of Chartered Accountants in England and Wales
17. ICMAB - The Institute of Cost and Management Accountants of Bangladesh
18. IFRSs - International Financial Reporting Standards
19. ISA - International Standards on Auditing
20. RRH - Rahman Rahman Huq, Chartered Accountants - KPMG in Bangladesh
21. MBA - Master of Business Administration
22. NBFIs - Non-Banking Financial Institutions
23. ITA 2023 - Income Tax Act, 2023
24. ITO 1984 - Income Tax Ordinance
25. NBR - National Board of Revenue
26. PMS - Performance Management System
27. PWC - Pricehouse Water Coopers
28. VAT - Value Added Tax

29. TDS - Tax Deducted at Source
30. VDS - VAT Deducted at Source
31. VAT - Value Added Tax
32. EY - Ernst & Young
33. DMD - Deputy Managing Director
34. IARCS - Internal Audit Risk & Compliance Services
35. FDI - Foreign direct investment
36. BSEC - Bangladesh Securities and Exchange Commission
37. FRC - Financial Reporting Council

Glossary

Term	Definition
Audit Materiality Planning Threshold (AMPT)	The benchmark used by auditors to assess whether misstatements in financial statements are material enough to impact decision-making.
Clara	KPMG's digital audit platform designed for automated risk assessment, data analytics, and workflow management.
Compliance Testing	An audit procedure to verify adherence to internal policies, laws, and regulatory requirements.
Data Analytics in Audit	The use of digital tools and statistical techniques to analyze large datasets, identify anomalies, and detect fraud or inefficiencies.
Internal Audit	A continuous and independent evaluation of an organization's internal controls, risk management, and governance systems.
Judgmental Sampling	A non-statistical sampling method where auditors select items based on professional judgment, often focusing on high-risk transactions.
Revenue Leakage	The loss of expected revenue due to operational inefficiencies, fraud, or gaps in internal control systems.
Risk-Based Auditing	An approach that prioritizes high-risk areas during audits to ensure efficient resource allocation and timely detection of issues.

Tax Deducted at Source (TDS)	A tax collection method where a percentage of payments such as salaries or contractor fees is deducted before payment and remitted to the government.
Vouching	The process of verifying the authenticity of financial transactions by examining supporting documents like invoices, challans, and receipts.

Chapter 1 : Overview of Internship

1.1 Student Information:

Name	Nahiyan Asgar Chowdhury
StudentID	21104051
Program	Bachelor of Business Administration (BBA)
Major/Specialization	Major in Accounting and Minor in Management Information System

1.2 Internship Information:

1.2.1 Internship Details

Period	1st July 2025 to 30th September 2025 (3months)
Company Name	Rahman Rahman Huq (also known as KPMG Bangladesh)
Department/Division	Audit and Advisory
Address	13th Floor, Makka Madina Trade Centre, 78, Agrabad commercial area, Chattogram.

1.2.2 Internship Supervisor's Information:

Name	Ronajoy Sen, ACA
Position	Senior Manager (Audit & Advisory services)

1.2.3 Job Scope – Job Description/Duties/Responsibilities

As I participated in the KPMG Bangladesh, I was posted at the Internal Audit Department and tasked with the audit of Royal Cement Limited, specifically the audit of the sales proceeds. This involved working closely with the internal audit team and the finance part of the client. The roles and responsibility are explained as follows:

- Checking of sales proceeds transaction of Royal Cement to verify accuracy and correctness of recording.
- Checking the supporting documents like sale invoices, challan and receipt on the sales records.
- Making a reconciliation on reported sales proceeds against bank deposits and accounting records.
- Determining the inconsistency, missing points or abnormalities in sales transactions and reporting them to the audit team.
- Deciding compliance with the policies of the firm, company internal control and regulations sales.
- Assistance in preparation of audit working papers and documentation to assist in findings.
- Going through walkthroughs and meeting the staff of the client company so as to understand the workings of sales processes and control systems.
- Assisting to determine the risk and internal failure of control in the sales cycle.

- Helping the team in the writing of observations and recommendations on how to improve processes.
- To improve my career development and knowledge, other related works require the need to undertake other assignments that are prescribed by the internal audit team.
- The final thing that should be done is ensuring that TDS is calculated, deducted and paid to the government treasury in the next given time.
- Checking of supporting challans and payment documents on remittance of TDS to identify errors in, or documental omissions.
- Deciding on failure or underdelays on deduction of TDS and reporting it to the audit firm.
- It entails determining whether the company is paying as tax withholding the obligations and how non payment impacts the interest to the financial reporting and growth of the tax obligations.
- Helping in the preparation of documentation and schedules relating to the TDS testing of audit working papers.

1.3 Internship Outcomes:

1.3.1 Student's contribution to the company

During my experience with KPMG Bangladesh, I had a chance to participate in this internal audit of Royal Cement Limited where my audit team was helping in the review of sales proceeds. I was to check a sales invoice involving checking of the Challans and receipts, checking any reported proceeds with the bank deposit and the records of accounts and checking whether there is a discrepancy or irregularity in any sales transactions. I also assisted in the preparation of audit working papers and documentation and have assisted in corroboration of auditing and overall efficiency. Furthermore, I also walked the ranks with client staff so as to understand their sales process and internal controls, thereby helping the team identify any gaps in control and propose ways to enhance them.

1.3.2 Benefits to the student

The internship has been a great educational experience and has allowed me to apply theoretical learning in the practical professional setting. I also practically experienced things related to internal audit procedures like testing revenue recognition, testing review and reconciliation of compliance. My experience with the knowledge of senior professionals in KPMG broadened my knowledge on audit procedures, the IFRS and internal control system. Also, professional competencies such as analytical skills, critical thinking, teamwork, and communication, were obtained. Flexibility to work under a rigid setting and timely performance was another thing that was gained during the internship that will be highly applicable in the future career in the sphere of auditing and the financial profession.

1.3.3 Problems/Difficulties

Despite the fact that I found the internship very useful, there were also some difficulties that I experienced. One of the largest problems was related to the complexity of the sales process of the client and the adaptation to the KPMG methodology of audit. Sometimes there was a delay in accessing part of the documents associated with the clients hence slowing down the verifications. It was also at times a strain to carry out multiple functions within set deadlines. Initially, I experienced difficulties in matching the theoretical tips which I had studied with the actual audit process. However, with continuous stress and support from my managers and my colleagues, I was able to overcome these obstacles and successfully carry out the tasks assigned to me.

1.3.4 Recommendations

According to my experience during my internship, I would recommend that the internship programs in future should be structured to provide a more intensive training of young interns at the onset of internship particularly on internal audit procedures, client specific processes and computer audit programs that all accountants are using. This would also allow the students to adapt more quickly to the tasks assigned to them. Moreover, it would be practical to offer the interns an opportunity to undergo a rotation in different domains of the audit tasks (procurement, inventory, revenue and compliance) so that they would be exposed to a broader scope and auditing experience.

Chapter 2 : Organizational Part

2.1 Introduction

It is widely recognized that auditing is among the pillars of modern financial and corporate governance. Scholarly, it can be identified as a distinct, systematic audit of financial records, financial statements and operations with the perspective of providing an opinion on whether they are just and precise. The process will help to maximize the credibility of information provided by the organizations and will ensure that the accounting standards, statutory requirements and regulatory frameworks are still observed. The auditors also play a major role of internalizing integrity of financial reporting through their professional independence and acting ethically. In the real world, auditing is not just confirmation that the numbers are accurate but enhancement of transparency, accountability and confidence among the stakeholders. The increasingly complex world of business has led to auditing being a precautionary measure that not only aids in avoiding mismanagement, fraud and corporate misconduct, but also makes organizations more efficient and risk averse. Also, the scope of audit has been constantly expanded to encompass other problem areas such as internal controls, sustainability reporting and corporate governance to become more responsive to new business challenges. Auditing further improves long term economic stability and sustainable development of business by not only protecting the interest of the investors, regulator and the masses but also by ensuring that the audit is a meeting of theory and practice.

2.2 Overview of the Company

KPMG Bangladesh is a member firm of the KPMG International that is ranked as one of the four leading professional services networks in the world. It operates under Rahman Rahman Huq (RRH), and they have been in operation since 1962, and they are reputed to specialise in audit, tax and advisory services. KPMG Bangladesh head based in Dhaka and having a branch in Chattogram serves different industries with a combination of global knowledge and local experiences. The company is oriented to offering the professional services of the highest quality, and following the ethics and pursuing the innovation to help the businesses to find their ways out of the complex problems of routine and achieve the results of development that can be sustainable (About - KPMG Bangladesh, n.d.).

Fig: (*Rahman Rahman Huq, KPMG in Bangladesh Logo Organization Business, Business, Blue, Text Png*, n.d)

2.2.1 History and heritage.

KPMG Bangladesh has a long and rich history since the firm was established in 1962 under the name Rahman Rahman Huq (RRH). The firm was occupied by three top-tier chartered accountants among them Mr. Rezaur Rahman, Mr. M. Saifur Rahmanand and Mr. Tashfin I Huq who are all members of the Institute of Chartered Accountants in England & Wales (ICAEW). A few years after its founding, RRH expanded rapidly and became one of the largest accounting firms in East Pakistan during that period. In the late 1980s, the company began collaborating with KPMG International as a Representative Firm in Bangladesh. It is upon this that it undertook its plans to join an international network of professional services. It was among the largest achievements that RRH made as it was officially recognised as a Member Firm of KPMG International, with the highest level of affiliation within the KPMG network, on 1 January 2006. This made RRH the first member enterprise of a recognized four in Bangladesh and strengthened its position, indicating a new trend of offering professional services in Bangladesh. The company established KPMG Advisory Services Limited (KASL) in 2019, in a bid to establish a wider organization. Like RRH, KASL is a member of KPMG International whose interests are also centered on the company advisory and non-regulated services. KPMG Bangladesh is a company that operates within the scope of the present scenario. It is a company that is founded on two approaches - RRH and KASL, which is a combination of global and local to deliver audit, tax and advisory services to a very diverse group of clients, including multinational companies and public institutions. KPMG Bangladesh has built a very professional history of integrity, quality service and integrity over half a century of continuous service. It maintains a client base with some of the largest telecommunication, banking, technology, manufacturing and energy corporations in the world. Some of the notable clients include Grameenphone, Banglalink, Robi, Walton, Standard Chartered Bank, HSBC, Royal Cement, Square and Youngone corporation among others (About - KPMG Bangladesh, n.d.).

2.2.2 KPMG Bangladesh Mission

"KPMG's mission is to turn knowledge and understanding of information, industries and business trends into value for our firms' clients, our people and the capital markets " (*KPMG Mission, Vision & Values*, n.d.).

KPMG's mission is to create value to its clients, employees and the general capital markets by converting knowledge and insights into information, industries and business trends into meaningful values. This mission provides insight into the fact that this firm is an organization based on knowledge that utilizes the expertise to have sustainable impact. KPMG seeks not merely to provide quality advisory, audit and tax services, but also to encourage professional growth among its personnel and to contribute to the stability and efficiency of the global capital markets by focusing on knowledge transfer and professional insight. This mission guided my time as an intern because it stressed the importance of analytical and critical thinking skills in real business environments such that my contribution would support the overall interests of the company to generate value and remain an ethical professional.

2.2.3 KPMG Bangladesh Vision

"At KPMG, our goal is not to be the biggest professional services firm. Our goal is to be the best professional services firm. And we define this in a very tangible way through our vision of being the Clear Choice " (*KPMG Mission, Vision & Values*, n.d.).

KPMG does not focus on its vision to become the biggest professional services firm, but to be regarded as the best in the industry. This vision manifests itself in the firm as the Clear Choice to its clients, employees and the stakeholders in the firm. Being the Clear Choice is a concept that shows the desire of KPMG to be different, to be distinguished not by size only but by quality and creation of trust and values. This vision also underscores how the company had been focusing on providing services of the highest standards to its potential clients in an ethical manner and the establishment of a long term relationship based on reliability.

2.2.4 KPMG Bangladesh Values

KPMG Bangladesh possesses a clear set of core values that inform its culture, professional conduct and defines how the company will conduct its affairs with its clients, employees, and the society. These are the values by which one makes the decisions and which also aid in maintaining the firm consistent and faithful in all its operations. These five values are:

- Integrity- We do what is right.

Integrity is the essence of KPMG operation. It demonstrates how the company trusts in being truthful, fair and transparent in whatever they do. Integrity will enable them to provide the professional services in an ethical manner and to build trust with the clients and stakeholders in the long run.

- Excellence- We never stop studying and developing.

KPMG also has the notion of continuous improvement by encouraging the company and their employees to become better. The discovery of a culture of learning and innovation assists the company to adhere to the dynamics of the business and to provide the best services each and every time.

- Bravery- We speak and act like braves.

Courage is the willingness to challenge assumptions, embrace change and take calculated risks that may be involved. KPMG employees are encouraged to demonstrate leadership and trust in their professional judgments even when faced with sophisticated circumstances or uncertainty.

- Together- We are appreciative of each other and we gain by our varied differences.

KPMG appreciates collaboration and its fundamental value is the spirit of collaboration and inclusivity. The company also practices genuine diversity and collaboration because it knows that diversity of thinking has more creativity, problem solving and delivery of clients.

- For Better - We do what matters.

This value emphasizes the need to have KPMG make a big impression not only to clients, but also to communities and society at large. The company emphasizes the importance of its sustainable and responsible business practices by making sure that it culturalizes its operations through action and generation of long term beneficial effects.

2.2.5 Process / Phases of Audit & Assurance Work

Phase	Key Activities / Checks
Client Acceptance / Engagement Scoping	Assess whether to accept or continue with the client, understand business, sector, risk profile, set scope and objectives.
Planning & Risk Assessment	Gain understanding of the entity (its internal control, environment, business risks), identify material misstatement risks, set audit strategy, involve specialists if needed.
Designing Audit Responses	Determine which controls to test, what substantive procedures to perform, define nature, timing, extent of audit evidence needed.
Execution	Perform testing of controls, perform substantive testing (transactions, balances), analytical procedures, confirmatory evidence, reconciliations, fixed assets, impairment, etc.
Evaluation & Review	Evaluate findings, reassess risk, consider whether evidence is sufficient, professional skepticism, partner / senior review, ensure compliance with accounting & auditing standards.
Reporting	Draft audit report / opinion, communicate significant matters to those charged with governance (e.g., Audit Committee), include any modifications, going concern issues, other required disclosures.

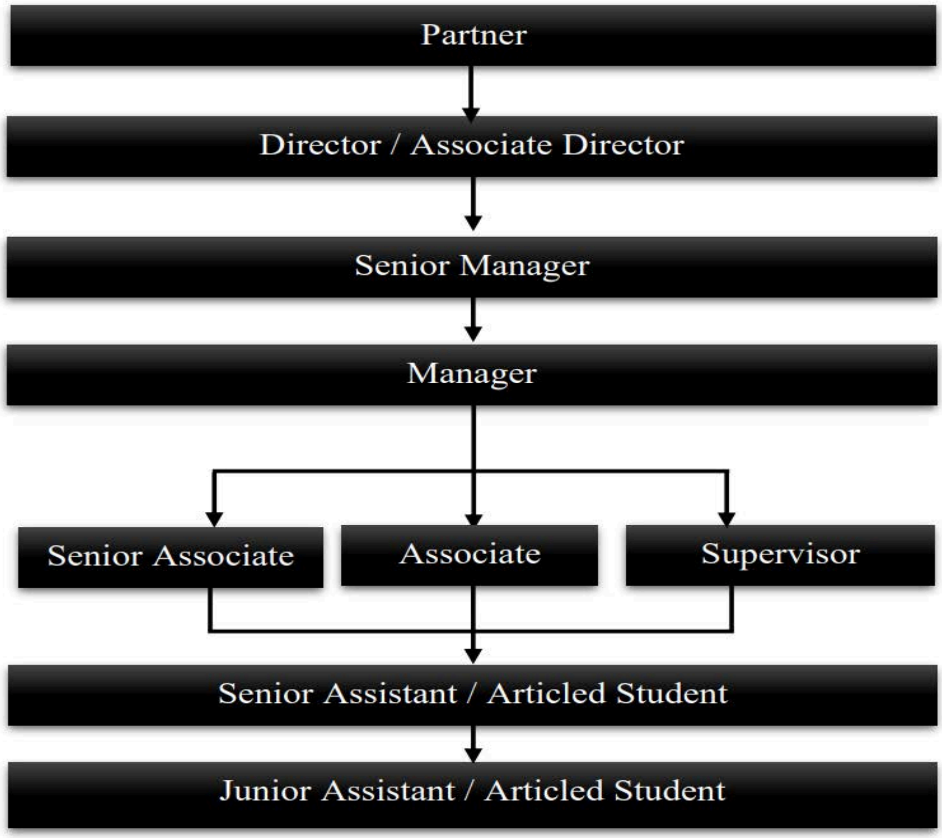
Follow up / Quality Control	Internal quality review, external peer review if applicable, ensure audit file documentation, update audit methodology/tools based on lessons learned.

2.3 Management Practices

2.3.1 Organizational Hierarchy

KPMG Bangladesh has a democratic and participative leadership style, which is well-known as one of the most effective leadership styles. They are advised to involve the employees in the process of decision making and give their views and ideas. Although guidance and general control are done by partners, directors and managers, open discussions, sharing of ideas, and employee contributions are highly encouraged, which results in better productivity. The company has a clear top-down management structure with two-way flow of information, where reporting roles are established to all the employees. The organization has a relatively low staff turnover since a good percentage of the workforce is made up of CA articled students. This participative leadership approach is particularly useful in audit teams, where communications and cooperation are the keys to reaching goals. The team members will be able to consult the senior management, exchange knowledge and get support hence enhancing the effectiveness and efficiency of conducting the audit. In addition, key decisions like defining the amount of AMPT, legal compliance, and determination of sample sizes demand a large degree of knowledge sharing among auditors, which further adverts to the significance of a participative leadership style. The Audit and Advisory Services Department of KPMG Bangladesh has an Organizational Hierarchy as illustrated below:

Fig : Organizational Hierarchy of KPMG Bangladesh.



2.3.2 Workforce Planning Process

2.3.2.1 Recruitment and Selection Process

KPMG Bangladesh seeks to fill vacant positions in its company by screening prospective employees in a comprehensive and merit-based skills selection process. The company believes in ensuring that it gives equal opportunity to every candidate regardless of the religion, sex, or ethnicity. KPMG recruitment process is a variation of the normal hiring procedure in that the students are normally recruited even during their study so that they get to experience on the job. Depending on the academic institution of origin, academic field of study (e.g., BBA, MBA, IB, CMA, or A-Level) and internal firm need, candidates are segregated into four types (Class A, Class B, Class C, Class D). In order to qualify, the applicants should possess a Cumulative Grade

Point Average (CGPA) of 3.25 and above. This is also done to ACCA students and articled clerks. Evaluation of academic records, a written test, and interview are the assessment stages.

2.3.2.2 Compensation System

At KPMG Bangladesh, the employee compensation structure is designed to provide both financial stability and motivational incentives. It is categorized under basic and variable and other aspects which makes it fair, flexible and conducive to professional and personal growth.

Basic Element

- Basic Allowance (ICAB policy-based for articled students)
- Basic Salary

Variable Elements

These are performance- and situation-based benefits that may change over time:

- Conveyance Allowance
- Merit Allowance (for articled students)
- Mobile Allowance
- Performance Bonus
- Overtime Bonus

Other Elements

These non-financial benefits focus on employee well-being and work-life balance:

- Paid Sick Leave
- Paid Educational Leave
- Paid Casual Leave

2.3.2.3 Training and Development Activities

KPMG Bangladesh places a significant focus on professional training and development through its well-structured system in integrating professional training (including induction, technical, regulatory, and soft skills training) to its employees. The Annual Induction Program 2023 has made new entrants conversant with the values, risk management practices, global processes, and emerging technologies, with which the firm operates the top leadership involvement in the procurement of strategy, and cultural integration (KPMG Bangladesh, 2023a). Similarly, the 2023 Audit Foundation Training was focused on audit methodology, IT integration, and risk and quality assurance process mitigation, to sustain audit standards across all engagements in the world (KPMG Bangladesh, 2023b). Technical courses (workshop on the Income Tax Act 2023) were also provided and such an analysis of legal changes and the analysis of the changes in laws and legal requirements was done so that the employees are always up to date with the changes in the laws and legal requirements (KPMG Bangladesh, 2024). Besides the training within the company, KPMG Bangladesh was also using its experience by implementing Specialist Industry Type Auditor Training in banking, insurance, and telecommunication groups, thereby demonstrating the intention to encourage broader knowledge-sharing practices (KPMG Bangladesh, 2023c). Moreover, team-building and knowledge-sharing initiatives such as the IT Advisory off-site program that aimed to bridge the departments facilitated collaboration, innovative approaches, and nurturing soft skills (KPMG Bangladesh, 2023d). Through the KPMG Business School platform, each employee is presented with his or her personal learning channels based on career ambitions so that the professional can grow continuously with new professional directions, as well as leadership broadening to the international best practices (KPMG Bangladesh, 2023e).

2.3.2.4 Performance Evaluation

In KPMG Bangladesh, employees are assessed in terms of performance on a semi-annual basis. Further, performance appraisals are also conducted at the management level where possible. Performance testing occurs at the end of each audit done on a client and the analysis is usually done by senior assistants to whom the students serve. The general obligation of making correct and punctual appraisals, however, lies with the manager In promotions or salary increments, the performance assessment taken into account must not be more than six months old. The annual increase is done prospectively. Increment can be applied to students whose performance ratings fall within the performance range of 1 to 3, and those whose rating is 4 and below are not eligible to get a salary increment. In addition, when employee performance is rated below 2 corrective measures are taken accordingly to correct the deficiencies.

2.4 Marketing Practices

Product:

KPMG Bangladesh also offers a wide range of professional solutions, such as Audit & Assurance, Tax Advisory, Business Process Outsourcing, Management Consulting, and Regulatory Compliance services (KPMG Bangladesh, 2023a). The company tries to position itself as a company that offers high quality and internationally renowned professional knowledge, through its status as part of the international KPMG network and as such the company is able to offer services that are capable of meeting both local and international disciplines. Besides the traditional services of audit and taxation, the firm also focuses on niche services such as transfer pricing, risk management, and industry-specific advisory services, with a focus on the banking, insurance, telecommunications, and public sector clients (KPMG Bangladesh, 2023b).

Price:

The price strategy of KPMG Bangladesh is value-based since it is consistent with the reputation of a Big Four company. The cost charged on service is often determined by the scope at hand, the industry, the risk profile, the locality and the level of expertise that characterizes the work. KPMG will carry high charges against the smaller local firms since the latter brand is more affordable, international resources are used, and quality standards are met. The strategy will ensure that some of the clients who receive its services in the firm will be associated with reliability, compliance, and high professional credibility rather than cost leadership.

Place:

KPMG Bangladesh has its head office in Dhaka and a presence in Chattogram region meaning that the firm serves the clients in the country. Although physical offices offer an administrative and a point of contact to clients, a significant part of the service delivery is on-site on client premises or via digital communication channels. Second, the inclusion to the KPMG global network makes possible the access to international resources, cross-border experience and possibilities of cooperation with other KPMG member firms to meet the needs of the multinational clients (KPMG Bangladesh, 2023c).

Promotion:
KPMG Bangladesh does not use traditional advertising to promote itself; instead, the company mostly depends on thought leadership, networking, and corporate reputation. To establish brand credibility and create leads, the company arranges and takes part in professional seminars, tax seminars, and regulatory forums, and industry conferences (KPMG Bangladesh, 2023d). It also releases insights, reports and newsletters on emerging financial, tax and regulatory issues that place it as a leader in its field of knowledge (KPMG Bangladesh, 2023e). Digital marketing will be done on the websites and social media platforms of the firm where updates will be shared, success stories will be highlighted and contact with professional audiences is to be made (KPMG Bangladesh, 2023f). More so, employer branding efforts like career fairs, university partnerships, and graduate recruitment programs play the dual role of drawing talent as well as strengthening the reputation of the firm within the business community (KPMG Bangladesh, 2023g).

2.5 Financial Performance and Accounting Practices

2.5.1 Financial Performance of KPMG Bangladesh

KPMG Bangladesh is a partnership firm that currently has five partners, namely Rahman Rahman Huq. According to the Partnership Act 1932, the partnership firms are not obliged by law to publish annual reports. Therefore, RRH is not publicly reporting detailed financial statements. Because of this reason, I used consultations with my supervisors and other colleagues in order to know how the firm operates. The company majorly offers professional services which include assurance, audit, tax and advisory services to multinational and local firms. Through my internship, I got to know that in the past three years, the client base of RRH has grown by an estimated 15-20%. Out of these, customers who were multinationals made about 60 percent of total engagements out of which local customers occupied the remaining 40 percent. This professionalism meant that RRH was still able to attract new customers and remain functional throughout and after the COVID-19 era when the majority of the businesses were registering massive financial losses. I observed that the company did not maintain external financing operations like taking styles and that the whole business entailed the delivery of high-quality professional services. Instead, the driving powers of the RRH development are expertise, reputation and trust among its clients. In a comprehensive manner, I came to learn that Rahman Rahman Huq has been experiencing steady growth and operational efficiency by the way of the will to deliver assurance, audit, tax, and advisory services that they have accomplished with a diversified client base.

2.5.2 Accounting Practises of KPMG Bangladesh

KPMG Bangladesh accounting policies and practices are researched based on sheer volumes of available publicly accessible data and regulators. Local laws and global standards in addition to the global methodology of KPMG govern the practices. KPMG Bangladesh, in its Accounting Advisory Services, helps its clients in their adherence to both the IFRS (International Financial Reporting Standards) and the domestic GAAP stipulations. This will involve assisting the clients in their conversion to the IFRS, creating and updating accounting policies, improving the financial reporting procedure, and making reporting timely, accurate, and in line with the expectations of the stakeholders. Some of the key accounting policies and practices that KPMG Bangladesh follows in delivering services to its clients are:

- Compliance with IFRS, and the associated IAS (International Accounting Standards), of financial reporting.
- Application of the global KPMG tools and methodologies in changing accounting standards, policy design, IT systems, reporting process flows etc.
- The compliance with indirect tax on goods and services, especially proper registration, proper treatment of input VAT and output VAT, and the supplementary duty is as specified in the VAT and Supplementary Duty Act, 2012 of Bangladesh.
- Compliance with the statutory requirements contained in Income Tax Ordinance and Income Tax Rules as regards the accounting of tax and filing of returns.

- Consistency of accounting policies over a reporting period, i.e. the policies used in the current year must be similar to the policies used in the earlier years unless modified and reported.
- In accordance with relevant auditing standards, such as ISA (International Standards on Auditing) to provide assurance and audit engagements to maintain that the audit processes are valid, reliable and within professional ethics.
- Adherence to regulatory provisions imposed by the authorities like ICAB (Institute of Chartered Accountants of Bangladesh) as one of which the statutory audits in Bangladesh must be undertaken by the ICAB-member chartered accountants.

These are practices that assist in the maintenance of transparency, regulatory compliance and credibility in the financial statements prepared or audited by the KPMG Bangladesh.

2.6 Operations Management and Information System Practices

2.6.1 Operations Management Practices

KPMG Bangladesh has various operation management practices, which guarantee quality, efficiency, and reliability in service delivery. These include:

- **Service Portfolio Management.**

  KPMG has different service lines Audit and Assurance, Tax, Advisory, Management Consulting and sub-divisions such as Operational Transformation, Technology Services, People and Change. This allows specialization, efficiency in resource allocation and domain experience in every service line.

- **Process Minimization & Change.**

  Periodic review of operational processes to eliminate wastage, shorten turnaround time and enhance efficiency is done. This involves ensuring best practice is adhered to and use of technology tools to facilitate routine operations. Management Consulting in Bangladesh specifically provides services in the area of "Operational Transformation" implying that KPMG practices it internally and with clients.

- **Performance Management/ Financial Management.**

  The practice of Financial Management assists clients and possibly internal processes as well, assisting in the optimization of financial processes, financial planning, budgeting, forecasting, cost management and aligning the finance activity with overall strategy. In operations these include defining KPIs, tracking performance and ongoing feedback.

- **Risk, Compliance and Internal Audit.**

  In order to ensure high operation standards, KPMG Bangladesh employs internal audit and compliance to control the procedures, verify compliance with regulatory requirements (financial, labor law, tax, etc.) and address operational risks. There is ongoing monitoring and internal control practices that are undertaken by the Internal Audit Risk and Compliance Services (IARCS).

- **Client Management & Service Delivery.**

  Accent on the quality of service (deadlines, reliability), customer satisfaction, professionalism. Pricing is also determined according to complexity and time implicated by service delivery as factors of cost of operation. Based on sampled reports that have been observed, quality of service delivery is a priority and the management will make sure that services offered will be satisfactory to the clients to engage it again.

2.6.2 Information System Practices

KPMG Bangladesh also utilizes several information systems tools, security and governance practices to facilitate its operations, audit quality, data security and enhance decision making.

Specialised Audit and Workflow Tools.

- **Clara**: An automated, digital audit platform that is utilized in sampling, risk analysis, finding exceptions and automating the audit process. It improves the auditing transparency and scalability.

- **eAudIT**: This is the audit methodology and documentation tool that is used to control the way audits are planned, executed, recorded and reviewed. Embedded are templates, general industry advice and support resources.
- **PMS**: An internal employee data processing system (Staff assignments, perhaps performance reporting or resource usage).

Information Security & Data Protection

The computers, laptops (particularly when used by partners, managers, and so on) are encrypted with the help of encryption tools (e.g. BitLocker) and strong passwords.There is an internal IT team monitoring and controls to ensure that ICT/security guidelines are followed and data is not accessed by an unauthorized person or data breach takes place.

Governance of Systems & Tools

Audit quality and regulatory compliance necessities are aligned with the systems, so the approaches and tools that are utilized (such as Clara, eAudIT) have the recent methodology and standards. The methodology used by Accounting Advisory Services in major changes (e.g. conversion to IFRS) is phased and established: Assess => Design => Implement => Sustain. This affects the management of system changes, process changes and training.

IT Advisory Services & Risk Controls

KPMG Bangladesh provides the clients with IT Advisory services that include the alignment of IT strategy with business goals, IT risk management, regulatory compliance, and cost management. These demonstrate that internally KPMG may have similar controls on its own IT environment. Cyber Security there is a more emphasis on system protection, defining access control (identity and access control) and data protection, infrastructure and people-process-technology congruence in resisting vulnerability.

2.7 Industry and Competitive Analysis

2.7.1 Porter's Five Forces Analysis

Table : Porter's Five Forces Analysis

Force	Description / Key Drivers for KPMG Bangladesh	Strength (High / Moderate / Low)
Threat of New Entrants	The barriers to entry in the audit and professional service industry in Bangladesh are very high. It is crucial when it comes to reputation, global network affiliation (Big Four) and established client trust. Demand by regulators (e.g. Bangladesh Bank, ICAB) restricts the types of firms allowed to audit banks and financial institutions. KPMG belongs to the list of certified companies. High prices of developing quality systems, recruiting competent personnel, worldwide conformity and preserving moral and technical principles. However, the risk is moderate since local mid-tier and smaller CA companies exist and their population is on the rise. Others would want to expand, ICMAB has been urging to give its members additional rights to audit. (New Age,2025)	Moderate-Low
Bargaining Power of Buyers (Clients)	Clients consist of big companies, multinationals, financial institutions and regulators. Such customers are usually very sensitive to quality, worldwide uniformity, and could change in case the service or image is poor. There are however moderate switching costs: though reputation is important to clients, clients may change between Big Four firms in case they believe that cost, service, or specialization varies. Bangladesh has growing regulatory requirements (e.g. new Rules for External Audit of	Moderate

	Bank-Companies 2024) will require audit of 80% of risk-weighted assets, this may create pressure on the clients who may force audit firms to offer lower fees or more services (The Business Standards,2024). There are also alternatives to the number of firms that are given the authority to audit banks and finance companies. (Dhaka Tribune,2025)	
Bargaining Power of Suppliers	(Here, the term suppliers includes labor, professional knowledge, technologies, regulatory systems) There is a demand for highly specialized professionals (auditors, accountants, specialists). Professional accountants, which are in shortage of qualified trainees, can increase wages and costs (Rahman,2018). They also include technology tools and audit methodologies (global tools, software, IT infrastructure), which are also important inputs as global tools and vendors are likely to partially rely on KPMG. Suppliers are regulatory requirements -the supply the framework that KPMG will have to adhere to (e.g. Bangladesh Bank audit rules). These can impose costs. However, KPMG enjoys the benefits of scale, international presence and talent magnetism.	Moderate-High
Threat of Substitutes	The company might be substituted by: smaller local CA firms with lower cost audit/tax/advisory, internal audit departments (in a few instances), non-Big Four consulting firms (when allowed), or offshore/borderless providers (when allowed). In some instances also, dependency on private audit firms is minimized through regulatory audits / compliance checks conducted by government agencies or regulatory authorities. But in high-risk, regulated contexts (banks, big listed corporations) the requirement of a globally accredited audit / assurance by a company such as KPMG cannot be readily replaced. In addition, reputation, trust,	Moderate

	and international network issues. Other substitutes would be low cost but risky (low credibility).	
Rivalry among Existing Competitors	Heavy competition with the rest of the Big Four (EY, Deloitte, PwC) and big mid-range firms. These companies fight on the basis of reputation, international network, quality, technical skills, price and product diversification. Regulatory, sectoral pressure: The same pressure is exerted by the regulators and the Bangladesh Bank where it mandates audit of major institutions, continuity of audit firms, volume, standard, compliance issues, and competition are all subject to the same pressure. Big companies The Big Four control the statutory audit of big corporations, and the audit market of large companies is concentrated. That implies that competition is stiff between Coevals with high profile clients. The cost vs quality sensitiveness in clients places certain pressure, and also regulatory reforms can increase demands (audit rotation, restriction of fees etc.) competition in terms of differentiation (quality, specialization, value) other than outright price. The impediments towards exiting are moderate: reputation, regulatory-licensing risks, global network relationship.	High

2.7.2 SWOT Analysis of KPMG Bangladesh

Table : SWOT Analysis of KPMG Bangladesh

Strengths	Weaknesses
Regulatory approval and authorisation: KPMG Rahman Rahman Huq (RRH) is one of the 39 chartered accountancy companies which has permission of Bangladesh Bank to	Large compliance cost and regulatory burden: Compliance with stringent enlistment procedures by the Bangladesh bank, BSEC, FRC etc. add to the cost and operational

provide audits of banks and finance companies.	compliance. The requirement to retain qualifications, auditing licences, etc. is not trivial.
Legal support of audit practice: The statutory financial auditing is lawfully conducted by the members of ICAB (Institute of Chartered Accountants of Bangladesh) alone based on laws like Chartered Accountants Order, 1973.	Few eligible auditors of large clients: This is a strength but also a risk, since the list standards might be tightened or KPMG may be delisted, which would pose a threat of losing access to high-value clients.
Effective association and control: membership of ICAB at IFAC, requirement of examination and articles passed, FRC (Financial Reporting Act 2015) oversight provisions etc. These guarantee high levels of competence and ethics.	ESG and non-financial reporting in the early phase: Although ESG reporting is increasingly demanded, the enforcement of regulations remains low, and not all companies are fully prepared to assure ESG reporting or sustainability reporting. This can be an area that KPMG can fill, yet can also be a challenge when clients are reluctant.
Opportunities	**Threats**
Increased regulatory demands: The Bangladesh bank, BSEC and FRC are increasing regulation on firms which can audit banks and financial institutions; this provides KPMG with a chance to retain or enhance its competitiveness.	Regulatory risk / bad news: Non-compliance, or reporting abnormalities can lead to a recall of audit firms (e.g. BSEC summoning firms due to failure to report) which may be detrimental to reputation.
Increasing demand of non-audit services: Advisory, assurance beyond statutory audit (e.g. ESG, sustainability, risk and compliance)	Competition amongst the authorised CA firms: The number of firms eligible to audit banks/NBFI is limited and competitive, and

as enterprises both get bigger, their complexity increases creating need to seek specialist services.	thus firms compete intensely based on quality, cost, technical expertise.
Collaborations with regulatory agencies: Relationships such as MoU between ICAB and FRC to enhance audit transparency show that companies that are perceived to be on the same side with regulators may have an advantage of reputation and access. The Business Standard	Client thereof on fees and turnaround time: Overseeing bodies and enforcing timeliness and quality and clients demanding faster reporting may create pressure to cut costs / speed-up work, which may overstretch resources.
Talent development and capacity building: Due to legal constraints according to which only the members of ICAB are allowed to conduct statutory audits, effective training programmes, retention of qualified CAs is a strategic indicator.	Emerging compulsory ESG/governance requirements: When ESG reporting is compulsory and there are assurance requirements, companies that lag in investment in capability may fall behind.

2.7.3 PESTEL Analysis of KPMG Bangladesh

Political Factors

- Government regulations, policies and political stability have a massive impact on the professional services industry.
- Advisory and assurance services come as a result of political efforts to foster foreign direct investment (FDI) and economic reforms.

Economic Factors

- The rising demand among the mid-class and a steady rise in banking deposits in Bangladesh delights financial services professionals.
- The local currency and inflation will exert pressure on the cost make-up of the firm and the prices charged to clients.

Social Factors

- The increase in demand on transparency and corporate governance and ethical practices raises the demand of services of auditors and advisors.
- The increasing trend of the digital and remote services among the clients impacts the delivery of professional services.

Technological Factors

- The digital transformation, automation, and modification of the audit and advisory record are taking place using AI-driven analytics.
- The advent of fintech and digital banking creates the possibilities of offering new consulting services.

Environmental Factors

- Greater attention to a sustainable business practice affects auditing and counseling of companies.
- The climate change risks (such as flooding in Bangladesh) put business continuity planning and risk advisory services at risk.

Legal Factors

- ICAB regulations, worldwide auditing standards and anti-laundering legislation are some of the laws that KPMG Bangladesh would need to comply with.
- The ever-changing nature of the tax laws, financial regulations and codes of corporate conduct creates advising opportunities of perpetual nature.

2.8 Summary and Conclusions

In Chapter 2, a comprehensive analysis of KPMG Bangladesh and its organizational activities, operations and competitive environment was undertaken. Being part of the international network KPMG, the firm is central in guaranteeing financial accountability, transparency, and compliance. Its mission, vision and values emphasize commitment to professional excellence, ethical standards and continuous improvement backed by its long history of experience in the professional services industry. The chapter has reviewed its management practices where it was mentioned that the firm has participative leadership style, systematic recruitment and selection process with performance appraisal system with focus on employee training and development. These methods demonstrate how KPMG invested in talent development and the maintenance of the high-performance culture. KPMG is taking a less traditional approach to marketing and more of a corporate reputation, through leadership and knowledge-sharing events to promote itself as a high-end services provider. The finance activities comply with the international standards of accounting like the IFRS and the ISA, but at the same time, the local regulations are met. The high-quality control systems and great risk management contribute to operational efficiency as well and can be supported by highly developed technologies like Clara and eAudIT, which automatize audits, simplify data processing, and optimize processes. A Porter Five Forces, SWOT, and PESTEL industry analysis identified opportunities, as well as challenges. The strengths of KPMG are brand awareness, regulatory confidence, and increased client base. Nevertheless, the competitive pressures, technological upheavals, and changing customer demands require the company to constantly adapt to them.

Chapter 3 : Project Part

"Internal Audit Approaches for Detecting Revenue Leakages: A Study on Royal Cement Limited Based on Internship at KPMG Bangladesh"

3.1 Introduction

One of the factors that manufacturing companies in highly competitive resource-intensive industries are concerned with is the problem of revenue assurance. The cement industry is also one of the most susceptible ones because of the logistics required to operate in bulk, large dealer networks, and sophisticated credit arrangements (Islam & Huq, 2021). Revenue leakage, which refers to the disappearance of income due to unintentional or intentional losses through inefficiencies, weak controls, and fraud in the world is a major profitability threat. Researchers estimate that companies can lose 1-5 percent of the yearly income in the form of undetected leakages, which can be catastrophic in low-income sectors (PwC, 2020). The cement industry in Bangladesh has expanded speedily in the last three decades, with an annual output capacity of more than 60 million metric tons with the domestic demand fixed at 30-35 million metric tons. This excess capacity leads to the fierce competition of prices, which makes companies safeguard their streams of revenue and become more efficient. Billing and unauthorized discounting errors, shipment and receivable mis-fits or mis-management endanger financial stability and competitiveness. In that regard, internal audits are considered important especially in protecting revenues. Internal audit compared to statutory audit, which is compliance-oriented and fair presentation is aimed at evaluating the operations risk, enhancing controls, and policy compliance (Alzeban & Gwilliam, 2014). Not only do they identify irregularities, but also prescribe remedial measures which prevent fraud and enhance governance. Internship audit work at Royal Cement Limited, the largest cement manufacturing company in Chattogram, with Rahman Rahman Huq (KPMG Bangladesh) found identical issues in unrecorded sales, delayed invoicing, TDS discrepancies and poor documentation. The results of these studies indicated the drawbacks of the conventional audit methods and emphasized the necessity of new ones to guarantee efficient revenue assurance, such as data analytics and constant monitoring.

3.1.1 Background and Problem Statement

The issue of revenue leakage is not new in the industries, yet the visibility and avoidability of it remain a complex issue. The dangers of leakage in the cement production are complicated by the specifics of the activity: weight manipulations, price change is often offered in the form of sentences of the commercial conditions, returns, and bad goods are the origin of the loopholes of the abuse of reports. Additionally, it is even more likely to have leakage because of high percentages of cash-based sales, expansion of credit sales, as well as at the various levels of the number of intermediaries in the distribution channel. Internationally, case study reports have documented a number of instances of leakages on revenues in the large scale industries. Indicatively, a study carried out by Deloitte (2019) suggests that the supply chain inefficiencies incurred about 30 percent of the documented loss in revenue in the heavy manufacturing firms. Similarly, Ernst and Young (2021) recorded that loose oversight of dealer networks by the Asian firms in the industry has resulted in under-billing, delayed collections, and unfavorable rebates. Problematic areas that often worsened these problems included poor documentation and high sales, integration of finance and logistics systems. In Bangladesh, a Revenue leakage in the cement section has been reported in several scholarly and professional reports. As Kabir and Hossain (2022) have observed, the usage of internal controls and reliance on a limited number of technologies in cement companies was inconsistent, as well as the presence of many instances of misstatements of reported lines of revenue. They further noted that traditional audit techniques where much manual vouching and sample validation is involved do not necessarily reveal system vulnerabilities or detect minor but repetitive failures. The other area of concern that has drawn the attention of the National Board of Revenue (NBR) is how revenue tax is being leaked in the industry particularly in non-compliance with misreporting Value Added Tax(VAT) and Tax Deducted at TDS (Income Tax Act, 2023). These are some of the implications that the case of Royal Cement Limited is setting to the rest of the industry. Although it has an internal audit practice established, the fact that it has variances on production volumes up to sales proceeds and recorded revenues shows that there is leakage. Under the internship process with KPMG Bangladesh, a number of problems were noted that included:

1. Shipment variances- Cases where the amounts physically dispatched were not equal to the amounts completed using invoices.

2. Unauthorized discounts and rebates -Cases where the discounts and rebates have been granted without the written approval which will be reflected on the reported revenues.
3. Late invoice payment- It has a time gap between delivery and filling in invoices that create opportunities to under report or over report.
4. Documentation problems- The absence of (or alteration of) challans, receipts, and sales invoices were used to reduce the quality of the audit trail.
5. Mismanagement of TDS -Failure to apply and remit tax in a proper manner at time of remittance at a later date which exposes the company to compliance exposures and liabilities.

3.1.2 Objectives

Main Goal

To detect and mitigate revenue leakage in Royal Cement Limited, and to suggest superior internal controls and measures to enhance revenue integrity.

Target Objectives

1. **Critical Control Identification, (Tree Mapping).**

   The first is to conduct a total review and analysis of the entire revenue cycle of the Royal Cement Limited. This involves a plot of the key activities in the revenue cycle, starting with order entry, production shipment, invoicing, discounts and rebates until returns, collections and its final entry into the financial system. This is to illustrate the control points which may be beyond the boundaries to leakage newer revenue. As the potential risks are determined during the process, auditors can develop the particular practices that will fill the largest gaps of potential risks (COSO, 2017).

2. **Audit Practice Assessment**

   The second objective is to examine the audit practices that are currently being carried out by Royal Cement Limited, and thus the audit practices that KPMG Bangladesh employs in the internal auditing engagements. This includes a review of the audit practices, audit frequency, scope of testing, data analytics, exception follow up, and that the management undertakes on audit discovery. Such assessment will expose the positive and negative concerns in the current practices.

3. **Comparison of Approaches: modern and traditional.**

   Another significant goal is the comparison of the efficiency of the traditional methods of audit (compliance testing, vouching, and manual sampling) with the modern (risk-based auditing, data analytics, forever monitoring, forensic methods). Traditional audits are significant in compliance assurance unlike other hidden trends of leakage; security tools that are similar to the existing ones, on the other hand, would demand significant investment in technology and expertise (Knechel and Salterio, 2016).

4. **Type of leakages to be identified.**

   Among the other things, which this study aims to establish and in some occasions to establish the extent of these different types of revenue leakage incidences at Royal Cement Limited. These include, unbilled goods, unapproved discounts, misapplied returns, unrecognized returns, differences in shipments, inaccuracies in prices, unauthorised corrections to documents, and invoicing delays and unrecorded write out of receivables. This is a better manner to represent the danger and the magnitude of the problem (Rahman, 2019).

5. **Recommendation and Cost-Benefit Analysis.**

   The other objective will be the provision of practical recommendations on how to improve the audit practices and the environment of controls in general within Royal Cement Limited. These are allowed to include greater use of technology, more audit work, more monitoring, improved documentation and additional training of employees. The study also seeks to estimate the cost/benefit effects of giving such recommendations as much as steaming relies on it to demonstrate the economic rationale of improving internal audit functions.

6. **TDS Collection at Source**

Finally, a review of the Tax Deducted at source (TDS) collection in Royal Cement Limited will also be done in the paper. This is done by evaluation of whether TDS is properly deducted, showing it to the government in an appropriate manner and timing. Due to the need to pay fines as well as find it hard to prove oneself to regulators in case of failure to comply with TDS, making effective audit control on this process is crucial (NBR, 2023).

3.1.3 Significance

The significance of the study may be regarded through four lenses, which are organizational, professional, regulatory and academic.

Royal Cement Limited significance.

As with the Royal Cement Limited this study would be of immediate use by giving areas where it is in its revenue operations that are weak and is more likely to be overlooked by normal audit procedures. With the stress on the areas of leakages of revenues, the company can begin to take correctional measures leading to loss of business, financial effectiveness, and enhanced environmental internal controls. Profitability is directly proportional to better cement proceeds, liquidity management and accuracy in the financial reporting features that are constantly required in the over-capacitated competitive cement market.

Importance to Internal Auditors.

The research provides details on the type of audit procedures that can most assist in exposing the leakage in real-world manufacturing environments. The results provide internal auditors with an opportunity to reconsider the way in which auditing methods can be adjusted and improved in practice. Another role that the article plays is the use of more than compliance orientated audits to risk based and technology enabled audits. As the audit profession undergoes transformation globally, including such findings based on cases helps to bridge the research gap between scientific hypotheses and practice in perspective (Alzeban and Gwilliam, 2014).

Policy Implications to Regulators and Policy Makers.

This study provides an insight to regulators like the National Board of Revenue (NBR), the Bangladesh Securities and Exchange Commission (BSEC), and the Financial Reporting Council (FRC) on how firms may or may not be compliant with various regulations on revenue such as TDS and VAT. The results are usable in regulatory directions, industry standards and enforcement. These insights can, in the long run, help to make national policies on corporate governance, transparency, and accountability in the manufacturing industry more effective.

Academic Research Significance.

Lastly, this research project adds to the literature by filling a particular gap: revenue leakage in the manufacturing industry of an emerging economy, which is the Bangladesh cement industry. Although research on the effectiveness of audits has been prevalent in developed economies, minimal focus has been on revenue assurance in South Asia situations. This research will provide a practical case study that can be advanced by future scholars through the combination of field experience with the help of internship and theoretical frameworks. It can also contribute to the teaching material of business schools, especially to auditing, corporate governance, and financial management.

3.1.4 Scope of the Study

3.1.4.1 Subject Scope

The research paper is limited to Royal Cement Limited which is a cement manufacturing company located in Chattogram, Bangladesh. Although the cement industry is mentioned in a broader context, the main findings and observations are made on the basis of the internal audit engagement at KPMG Bangladesh throughout the internship period.

3.1.4.2 Temporal Scope

This research is founded on the observations and audit that will be carried out during the period between July and September 2025. Though we are using historical data like the previous-year sales records and variance reports as far as necessary, scope is restricted to this three months internship period.

3.1.4.3 Functional Scope

The paper will specifically take a look at the revenue cycle of Royal cement limited and how the order is received, invoicing, discount, returns, collections, and TDS compliance. This research is not covered by other areas of internal audit like procurement, production efficiency or human resources.

3.1.4.4 Methodological Scope

The study is a mixed method study involving qualitative research methods (interviews, observation) and quantitative methods (data analysis, reconciliations). But, it is not a large scale statistical testing or predictive modeling, since it entails practical audit engagement but not empirical generalization.

3.1.4.5 Limitations

The paper recognizes some of its limitations. First, the results are contextual and might not be completely applicable to all cement companies in Bangladesh. Second, sensitive company data was not easily available because of the confidentiality restrictions, and it can limit the thoroughness of certain analyses. Third, since the internship is three months, the study cannot pretend to have an exhaustive analysis of the processes of revenue of Royal Cement.

3.2 Literature Review

Revenue leakage, which can be defined as the loss of income caused by flaws in the system, weak controls, and frauds is a big threat to manufacturers. This is also true in the cement industry, where there is a high industry margin and logistics, dealer network, and credit setups are web based and any tiny leak deposit can cause a deep decline in profits (PwC, 2020). It has been estimated that 1-5% of annually recorded revenues might go to waste due to shipment errors, delayed invoicing levels, undocumented or unverified discounts, or poor levels of tax compliance (Kabir and Hossain, 2022). The studies to find out the causes of leakage show that there are a number of recurring problems. Such issues are highlighted by Rahman (2019) as poor dealer network management, lapses in documentation and difficulty in reconciling the physical delivery and financial reporting. Ernst & Young (2021) further recommend that due to the lack of real-time monitoring and relying on manual processes, the effect is often underbilling, defrauded rebates and procrastinating collections. In Bangladesh, non-compliance with Value Added Tax (VAT) and Tax Deducted at Source (TDS) are said to be the biggest origins of financial and regulatory risk, identified by the National Board of Revenue (NBR, 2023). In this regard, internal audit processes have been of significance. In contrast to statutory audits and their attention to compliance and fair reporting, internal audits address operational risks, and control calculations, and integrity in the processes (Alzeban and Gwilliam, 2014). As emphasized by Deloitte (2019), internal audits are carried out to identify anomalies, as well as to provide preventive measures to enhance financial governance. Manual vouching, sampling, and compliance audits which were used in traditional audits were useful, but not effective in controlling systemic failures of control (Knechel and Salterio, 2016). The move to technology-based, risk based audits has been pathological. The contemporary technology can enable full-population testing, trend insights, and an exception report (COSO, 2017). Specifically, data-driven audits enhance the accuracy in the high risk areas like shipment adjustment, discount approvals, and compliance on TDS. In the case of companies such as Royal Cement Limited, implementing a sound internal control, a risk-focused audit, and real-time analytics may deliver significant benefits to their operations, such as the leaking revenue, compliance, and the operational robustness.

3.3 Methodology

The study design is to provide a systematic approach analysis of internal audit practices of identifying revenue leakage practices in Royal Cement Limited. Adhering to the principles of both academic thoroughness and its practical implementation, the research has a mixed method strategy and is based on the integration of both qualitative and quantitative research procedures. It assists in perusing through the revenue cycle, internal controls, as well as audit practice with care and also makes findings based on empirical records and circumstantial understanding.

3.3.1 Data Collection Methods

The evidence employed in the research is founded on both primary as well as secondary data collected during the internship engagement and in the academic as well as professional literature.

1. **Document Review**

   Some of the primary records that were researched are sales invoices, purchases, credit notes, bank statements, and TDS challans. This helped in sampling the accuracy, completeness and integrity of sales records that were registered. Reviewing the documents has allowed the closer investigation in between the financial and operational records as well as to trace down any discrepancies.

2. **Process Observation**

   The sales and revenue process of Royal Cement was associated and directly observed. This monitored initiation of orders, shipment and invoicing and collection practices. Most of the observations provided us with information on work patterns, control activities and even informal practices that may not be well documented.

3. **Analytical Procedures**

   The reported sales items were reconciled with bank proceeds using a quantitative approach; which consisted of trend analysis, ratio analysis, and reconciliations. To detect anomalies, variances (between dispatched quantity and invoiced quantity) were looked into as an example.

4. **Interviews and Discussions**

   The interviews were conducted with the members of staff of the finance department and the sales department in an informal sense of the words. The interviews involved contextual information of the control mechanisms and compliance practice and perceived difficulty.

5. **Testing of Controls**

The controls on sales proceeds and deductions of the TDS were being performed through control testing using sample controls. This was by examining whether the correct approval on discounts was done and if due payment and taxes benefits were made and paid properly.

3.3.2 Sampling Strategy

In order to realize these high volumes of transactions at Royal Cement, a Judgmental sampling strategy has been employed. The selection of samples was based on both the risk, and high valued transactions that the auditors selected were odd entries or parts that had areas having weakness of control. Audit Standards (ISA 530) observe that judgmental sampling can be used in defining audit situations as follows: A detector is interested in statistically determining material misstatements, but not in making statistical generalizations. The transaction most likely to be the target of the test should be the one that often involves large dealer discounts or returns as it was already indicated as the behavior prone to leakage. TDS dealings by the receiving clients that realized high revenues were also subjected to be checked to ensure that they were in compliance with tax laws.

3.3.3 Data Analysis

Data analysis was performed by both qualitative and quantitative reconciliation.

- **Qualitative Analysis**: The code used to code the qualitative data presented in the forms of observational notes, interviewees responses was predetermined by common themes that could be identified like documentation gaps, attitudes towards controls by management, and audit tool difficulties.
- **Quantitative Analysis**: Variances and reconciliations were computed in order to detect variances between reported collections made and sales. One such example would be that the amount involving flow of challan and amount invoiced should be singled out as a potential leakage.

3.3.4 Validity and Reliability

A number of precautions were taken to ensure that results are valid and reliable:

1. **Triangulation** - To reduce the threat of bias, multiple sources of information (documents, observations, interviews, etc.) were used to corroborate findings.
2. **Adherence to Audit standards**- International Standard of auditing (ISA)Our audit adhered to methodologies such as KPMG and international sources of assessment such as international standards on auditing and hence methodological rigor.
3. **Peer Review**- The senior auditors of KPMG were analyzing Findings and working papers that increase the reliability by means of the application of professional judgment.
4. **Transparency**- Limitations and assumptions were documented in order to understand the scope of the study and the limitations.

3.3.5 Limitations of Methodology

Although the approach has been taken strongly, there are several limitations to the methodology:

- **Time Constrain**: The time limit of this internship was limited by time to three months that could not grant a lot of inquiry.
- **Availability of Data**: There are confidentiality concerns because some of the vulnerable financial records may be inaccessible to anyone, which would be detrimental to the richness of findings.
- **Reliance on Judgmental Sampling**: Despite its appropriateness to the end of audit, the judgmental sampling can result in the omissions of certain anomalies that can be realized in instances of pure statistical technique.

3.4 Findings and Analysis

3.4.1 Shipment Discrepancies

Among the most common problems found was a discrepancy between quantities sent out and the amount invoiced out. The amounts had been overshadowed on the invoices in some circumstances and in invoicing, the physical delivery challans reflected greater values. This kind of leakage happens as a result of either clerical errors that arise in recording or manipulation in recording shipment.

- **Implication**: This gives way to risks of un-billed sales, under-reporting of revenues as well as possibilities of collusion between logistics personnel and dealers.
- **Audit Analysis**: Traditional vouching methods were partially proving to be effective because they were dependent on sampling and at times failed to represent minor yet recurring discrepancies. The software-based reconciliation of dispatch logs and invoice registers would probably have raised red flags on these errors in a more systematic way (Deloitte, 2019).

3.4.2 Unauthorized Discounts and Rebates

Another area that was identified during the audit was the kind of dealers receiving discounts without appropriate authorization. In others, the percentage discount was higher than the company policy limits, with no record in its approval.

- **Implication Of Unauthorised Discounts:** Unauthorised discounts have a direct negative impact on revenue and can show collusion between sales personnel and customers.
- **Audit Analysis**: Although compliance testing did identify irregularities in compliance testing; discounts could not be tracked in a systematic manner due to the lack of a centralized approval system. The authors of this analysis, Risk-based auditing and automated exception reporting, may offer more solid monitoring since they will highlight abnormal patterns of discounts that need to be inspected (Arena& Azzone, 2009).

3.4.3 Delayed Invoicing

Slow invoice generation is also one more cause that would keep on causing problems. Shipments were recorded in the cases multiple times with invoices being issued days or even weeks after. Besides, this practice provides avenues to misreport, which also creates delays in recognition of revenue, which influences cash flows.

- **Implication**: Lateness in invoice payment results in revenue leakage due to the existence of time lag in which sales could be overreported or hidden.
- **Audit Analysis**: Delays were found during the traditional reconciliation which identified it retrospectively but not prevented. This gap could be closed by the use of continuous monitoring systems that are connected to ERP to force the invoice creation once it is dispatched (Alles, 2015).

3.4.4 Documentation Gaps and Alterations

Inconsistent or absent documentation in the kind of challenges, receipts and sales invoices, was revealed in the audit. An example is where some invoices had no attachments or delivery challenges whereas others had handwritten modification without due approval.

- **Implication**: The availability of such documentation breaks the trail of the audit process and it becomes very hard to establish authenticity of any transactions. Fraud or adjustments which are illegal can hide under changed comparisons.
- **Audit Analysis**: It was found that there were some issues through review of documents manually, but the challenge of absence of digital records prevented thorough verification. It would reduce the vulnerability of invoicing to document tampering and reinforce the audit trail by adopting secure and digital invoicing into the system (Griffiths, 2021).

3.4.5 TDS Mismanagement

One huge component of weakness has been the TDS compliance. In other cases, the deductions were entered with or without computing correctly and payments were made to the government after due dates. The supporting challans and payment records were not always complete, which provoked a few doubts as to the adherence to the rules of the Income Tax Act 2023.

- **Implication**: TDS non-compliance puts Royal Cement at risk of receiving financial fines, loses its reputation, and could face regulatory review. It is also a type of revenue leakage as it adds to the burden in terms of tax liabilities of the company.
- **Audit Analysis**: Sample audit had uncovered mistakes, although no systematic verification had taken place between deductions of TDS, challans and deposits to the

government, this posed a higher risk of oversight. Deductions are correct and remittances are in time could be guaranteed with the help of automated reconciliation tools (Grant Thornton, 2021).

3.5 Summary and Conclusions

The aim of this chapter was to test internal audit strategies of revenue leak realization in order to identify how Royal Cement Limited in example. The chapter integrates the literature, field visit and methodology with a holistic perspective of the problem using the case of Rahman Rahman Huq (KPMG Bangladesh). In the introduction, the necessity to change the necessity to guarantee income in cement business in Bangladesh in particular has been identified since over capacity and extreme rivalry makes financial strictness dictate. The type of leaking of revenue can significantly reduce the profit such as billing inaccuracies, non-approved discounting or lack of collectability in the form of poor tax peculiarity. The problem statement showed that there had been experience of always having discrepancies at Royal Cement where the experience involved having had differences in the shipments, the invoicing deficiencies, change in endorsed documents and misdeposits of TDS. These questions provide the reason why the expenses of the expected and actually generated revenues were not fulfilled and demonstrate the flaws of conventional total audit processes. The objectives of the study were to map important points of control, regulate an audit, compare and contrast the traditional with modern method, a further classification of the types of leakages, reviewing of TDS compliance, and trying to suggest areas to improve. Analysis on the literature found out that the issue of revenue leakage is a global concern in manufacturing industries and that the problem of operation complexity has also added to the amount of revenue leakage in cement. Revenue assurance is concerned with focusing on the internal auditing but its effectiveness depends on the development of the independence, competence, attitude of the management preparation, and acceptance of the newest methodologies. The theoretical basis of the investigation including the agency theory and the three-fraud triangle as well as the COSO framework also came across the review. A mixed-method of case study approach consisting of the review of documents, observation, analytical procedure, interviews and control test were assumed. Triangulation and judgmental sampling on high risk transactions were carried. This analysis and review revealed that Royal

Cement did have a few types of revenue leakage that were enabled under bad control, and also the absence of technology acceptance. The traditional methods of auditing turned out to be a partial success, and new tools, such as risk-based auditing, data analysis tools, and real time observation, would be more effective at best. Lastly, the present paper will confirm that revenue bleeding in the cement industry is a looming fact, but one that can be prevented. It must be noted that internal audit plays a crucial role to success in detection and prevention, yet the transition itself to an absence of basis on reliance of compliance-oriented and manual-based style of audit practices towards the application of technology, risk-based tendencies, and control settings that are more resilient involves the internal audit.

3.6 Recommendations/Implications

A number of recommendations on Royal Cement Limited, internal auditors, regulators and the general cement industry in Bangladesh are offered based on the findings.

3.6.1 Recommendations for Royal Cement Limited

1. **Implement ERP-Combined Continuous Recovery.**

   Royal Cement needs to roll out ERPs that factor in sales, finance and logistics. Automated matchups involving dispatch journals, invoices, and bank deposits would bring down variation of shipments and late invoicing. Exceptional cases can be identified as they occur instead of being identified at a later point in time (Alles, 2015).

2. **Concentrate Discount Authorization.**

   Any discounts and rebates must be approved on a digitized central system, which makes them traceable and must not be based on digital discounts. This would help deal with one of the most dominant leakages seen in the audit.

3. **Strengthen TDS Compliance**

   The firm should have automated internal reconciliation computers so that it can have appropriate purchase, timely payment and complete documentation of TDS. Frequent internal audit of the tax compliance needs to be imposed, to make the threats of punishment less (Grant Thornton, 2021).

4. **Improve the culture of documentation.**

   Paper-based records ought to be done away with in terms of digital invoicing and fast and secure archiving of documents to minimize chances of lost or distorted records. In the long run, invoicing using blockchain is potentially expensive but could be considered to provide tamper resistant audit trails (Griffiths, 2021).

5. **Increase Duties Segregation.**

   Staff in charge of initiating transactions, recording and authorized transactions should be separated in a clear way. This averts weaknesses that had been noted within the COSO framework (COSO, 2017).

6. **Invest in Staff Training**

   The finance staff as well as the sales staff should be taken through a training program to enhance their awareness of the revenue assurance practices, TDS and documenting standards.

3.6.2 Recommendations for Internal Auditors

1. **Fold Towards Risk-Based Auditing.**

   High-Risk Areas should be given more resources by internal auditors of Royal Cement which includes dealer discounts, shipment reconciliation, and tax compliance. This concurs with the standards found in other countries worldwide and enhances sensitivity (Arena and Azzone, 2009).

2. **Apply Data Analytics to Data Anomaly Detection.**

By using data analytics on such a significant population of transactions, the use of a sample would be reduced to a minimum and a high chance involved will detect irregularities occurring so frequently. It might resort to such tools as Benford Law tests and statistical outlier identification (Alles, 2015).

3. **Introduce Continuous Auditing.**

   Continuous auditing should be incorporated so that exceptions are marked and analyzed almost in real time by the auditors. Such a proambient course of action minimizes the delay between anomaly and observation.

4. **Improve Following-Up Systems.**

   Audit results are to be under closely-coordinated follow-up reviews where the management is expected to take corrective actions in respect of identified weaknesses in the presumption that they will suitably improve the performance.

3.6.3 Implications for Regulators and Policy Makers

1. **Regulatory Oversight**

   Regulatory bodies such as the NBR, and FRC should stipulate that such large manufacturing firms have an internal audit test on their revenue cycles, particularly the tests that appear in TDS adherence.

2. **Standardization of Practices**

   The acquisition of discount authority, invoicing schedule, and documentation that the industry generally follows may reduce the secureness of leakage possibilities.

3. **Technology Incentives**

   The government can offer incentives in the terms of utilization of ERP and quacking of digital invoice with the need of tax rebates or subsidies improving the general level of industry performance

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