

Management Report
On
The Financial Statements
Of

Better Governance for Better Services

A Project of

**Implemented By: Management and Resources
Development Initiative (MRDI)**

Supported By: Manusher Jonno Foundation (MJF)

**Funded By: Foreign, Commonwealth & Development
Office (FCDO)**

For the year ended from 01 July 2020 to 30 June 2021



October 10, 2021

Respective Concerned

Management and Resources Development Initiative (MRDI)

8/19 Sir Syed Road (4th floor), Block A

Mohammadpur, Dhaka-1207

Subject: Management letter on audit of the financial statements of the project "Better Governance for Better Services" for the year ended from 01 July 2020 to 30 June 2021.

Dear Sir,

In terms of our appointment, we have audited the financial statements of 'Better Governance for Better Services' and have submitted the audit report separately.

We are pleased to forward our management letter now to your end. We set out in the following pages matters concerning financial and operational practices of the organization which came to our attention during the course of our audit. The audit was carried out in accordance with International Standards on Auditing (ISA) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and accordingly included such testes of accounting records, audit procedures and observations as were considered appropriate and feasible under the circumstances.

The management of Management and Resources Development Initiative (MRDI) is responsible for the maintenance of proper accounting records and for the preparation of financial statements. They are also responsible for establishing and maintaining an appropriate system of internal control, which includes adequate accounting records and procedures to safeguard the organization's assets, and for the prevention and detection of irregularities and fraud.

Our audit involved the review of only those controls and systems in your organization upon which we wished to rely for the purpose of determining our auditing procedures. Accordingly, our audit may not have identified, and our report should not be relied upon to have disclosed, all the control weaknesses that may have existed. Our audit included, on test basis, an examination of accounting procedures and records as were considered appropriate under the circumstances.

However, we would like to take opportunities to express our thanks to the management of the organization for their cooperation that extended towards us, during the course of the audit.

Thanking you,


Ahsan Zamir FCA
Partner
Ahsan Zamir & Co.
Chartered Accountants

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1.00 Project Implementing Organization MRDI's Particulars:

1.01 Organization's Background:

MRDI began its journey in 2001 and has become a leading media development organization in Bangladesh with the vision to establish a just and open society. An ardent advocate of right to information, MRDI was among the prime campaigners that brought about the Right to Information Act (RTI Act) in Bangladesh. Always keen to alleviate the plight of the marginalized communities, this organization also has a commendable footprint in corporate social responsibility (CSR).

But over the years, MRDI has emerged as a premier media development organization conducting a host of other activities geared towards its mission to build a strong and independent media that empowers the people and demands accountability in all spheres of life through its strategic objectives. In line with its goal to build a free and objective media in Bangladesh, this organization regularly commissions research, conducts surveys and produces a wide variety of materials to aid journalists and journalism. Besides its repertoire of reporting handbooks and toolkits, MRDI has embarked on a new initiative to create a repository of data and statistics that will strive to become the one-stop solution of journalists' data needs.

MRDI is most noted for training journalists of all platforms and mediums in Bangladesh because of the quality of its trainers, depth of the topics and effectiveness of the sessions. The organization's initiative to strengthen investigative journalism in Bangladesh can be said to have led to a renewed interest for in-depth investigations both among media outlets and individual reporters.

1.02 Domicile, Legal Form and Registration of Organization:

Management and Resources Development Initiative (MRDI) is a Multidisciplinary, Not for Profit, Non-Government Organization engaged to a wide spectrum of social development activities and seeks to render services of national and international organizations, both in the public and the private sector. MRDI is registered with the office of the Registrar of the Joint Stock Companies and Firms, Government of the People's Republic of Bangladesh under Section 28 of the Companies Act 1994 having incorporation #C-544 (57)/2003 dated 13 May 2003 as a Company limited by guarantee. It is also registered with NGO affairs Bureau having registration # 1962 dated 21 September 2004 under the Foreign Donations Regulation Ordinance 1978 which was subsequently renewed on 24 July 2019 for a period of 10 years up to 20 September 2029 as follows:

Particulars	Registration Number	Date of Registration	Date of Last Renewal	Effective Form
NGO Affairs Bureau	1962	21/09/2004	21/09/2019	21/09/2019
Registrar of Joint Stock Companies and Firms	C-544(57)/2003	13/05/2003	N/A	N/A



2.00 Project Details:

2.01 Project Name: "Better Governance for Better Services"

2.02 Project's Background:

The project will pursue advocacy and capacity development of the target beneficiaries and stakeholders which will ultimately improve quality and fairness of the delivery of public services. The expected result is to bring about changes in the mindset, awareness level and attitude of the providers, beneficiaries and policy planners. The beneficiaries and stakeholders of the demand and supply ends at the local level (UP, upazila and district), central level (Cabinet Division and ministries) and regulatory body (Information Commission and Anti-Corruption Commission) will develop capacity to apply and respond to the governance tools through the interventions of the project. Communication strategies on WBPA will be developed for the Cabinet Division to facilitate them in popularizing these governance tools among employees and citizens. The WBPA communication strategy will also help Anti-Corruption Commission to get genuine complaints against corruption. Under its Annual Performance Appraisal of ministries, the Cabinet Division is keen to look into the proactive disclosure of information. Having capacity of measuring proactive disclosure of the ministries and divisions, the applicant organization feels the need for a common policy guideline and this project proposes to develop a template for the guideline.

Project's Objective:

- Activate/form JANAK, a citizen support group for popularizing the RTI.
- Introducing RTI E&M learning certified course for Youth – mobile and web based RTI learning course.
- RTI camp and follow-up camp.
- Campaign among school students.
- Nationwide promotion of RTI help desk.
- Develop template on web-based disclosure for ministries.
- Develop modules of the RTI training for self-administrated online/visual training for the DOs of NGOs
- Conduct youth perception survey on RTI.
- Advocacy for forming Parliamentary Caucus on RTI.

Objective of the Project:

The objective of the organization is to endeavor for developing the standards of media, skills, and their ethics of media professions, physical and mental health and well-being of the people and empowerment of women, adolescents, children, minority and other marginalized sections of the population.

2.03 Financing Sources:

This project is financed by foreign donated fund from "**Department for International Development (DFID)**" which is currently known as "**Foreign, Commonwealth & Development Office (FCDO)**" which came into effect from September 2020.



3.00

3.01 Scope of the audit:

- a) We have conducted the audit of financial statements of the project for the year ended 30 June 2021 in accordance with International Standards on Auditing (ISA).
- b) Prior to conducting the audit we have prepared audit plan which included:
 - Initial Planning and attend orientation discussions.
 - Orientation/training to audit personnel at our level.
 - Engage audit personnel to carry out field level work.
 - Discussion between audit team and respective organization management.
 - Correlate the expenses against the output.
 - Review the internal control system of the organization and identify risk areas if there is any.
 - Share the observation with the respective concerns by conducting an exit meeting.
 - Review and check the books of accounts and other related reports.

3.02 Specific audit objectives are to:

- Express an opinion on whether the **Financial Statements** of the project present fairly, in all material aspects, project revenues and costs incurred for the period from 01 July 2020 to 30 June 2021,
- Whether, in all material respects, the grant funds have been used in conformity with the provisions of the 'Project Agreement', including the approved budget and work plan and any amendments thereto;
- Whether the Financial Statements (FS) agree with the books of account that provide the basis for preparation of the FS and reflect the financial transactions of the program, as maintained by the program implementing entities.

3.03 Principle of the audit:

- a) We have checked the correctness and completeness of the financial transactions.
- b) We have confirmed that the project's financial statements were maintained as per financial management manual and guideline of the organization and project agreement.
- c) We have checked that expenditures were utilized efficiently and effectively.

3.04 Obligation to testify:

Our audit involved the review of only those controls and systems in your organization upon which we wished to rely for the purpose of determining our auditing procedures. Accordingly, our audit may not have identified, and our report should not be relied upon to have disclosed, all the control weaknesses that may have existed. Our audit included, on test basis, an examination of accounting procedures and records as were considered appropriate under the circumstances. On the basis of our audit observations and findings, we would like to bring certain matters to your attention that we observed.



3.05 Documentation:

We have considered the following document as the basis for this audit:

- DOA (Deed of Agreement) between MJF and the Organization and the approved budget;
- Specific financial statements including pertinent schedules e.g. advance register, fixed assets and inventory list as applicable;
- General Ledger, Cash & Bank Books and other important records;
- Original supporting documentation of all reported expenditures;
- Bank Statements & Bank Reconciliation;
- Financial procedures manuals, systems description or any other documentation explaining the processes contributing to the production of reliable reports and maintaining internal control;
- Financial monitoring reports of the project (if any).
- Important correspondences between MJF and partner pertaining to grant implementation matters.

3.06 General control and compliance

We have conducted following procedures during the course of our audit:

- a) Verification of the receipts of fund;
- b) Verification of the expenditure as per project budget;
- c) Preparation of the budget variance statement and analysis of the variances;
- d) Checking of the internal control system;
- e) Quality of supporting documents – bill, voucher and other documents as necessary.
- f) Stock Verification, Beneficiaries' Interview, Verification of Vendors as applicable.
- g) Physical verification of the fixed/moveable assets.
- h) Discussion with the concerned management and different departments and other relevant staffs/ stake holder of the organization as applicable.
- i) Verified the project transactions focusing on the following points:
 - Checked that expenditures were fully authorized;
 - Checked the validity of vouchers and original bills/documents;
 - Checked all advance accounts and confirmed their balances;
 - Checked the applicable taxes, payroll and others;
 - Verified purchase procedures to ensure value for money.

3.07 Special Control/Checks

- a) We have checked deduction for VAT, taxes etc. from payments where applicable.
- b) We have reviewed internal control system.

3.08 Professional secrecy:

Relevant documents and information entrusted and produced to us in connection with this audit has been maintained strictly confidential cannot be used for any other purpose without the written consent of the Organization. This provision shall remain valid even after the completion of this



4.00 Executive Summary of the Audit:

The management of **Management and Resources Development Initiative (MRDI)** is responsible for the maintenance of proper accounting records and for the preparation of financial statements. They are also responsible for establishing and maintaining an appropriate system of internal control, which includes adequate accounting records and procedures to safeguard the organizations assets, and for the prevention and detection of irregularities and fraud.

Our audit involved the review of only those controls and systems in your organization upon which we wished to rely for the purpose of determining our auditing procedures.

Accordingly, our audit included, on test basis, an examination of accounting procedures and records as were considered appropriate under the circumstances.

During the course of the audit we have not come across matters involving controls and their operations that we consider should be reportable conditions in relation to the project under reference. Reportable conditions involve matters coming to our attention relating to the significant deficiencies in the design or operations that, in our judgment could adversely affect the entity's ability to record, process, summarize and report financial data consistently with the assertions of management in the Financial Statement.

However, the results of our examination revealed certain compliances and controls which are presented below:

- 4.01** The organization has maintained all the transactions with compliances in all material respects and in according with the provision of the Agreement under reference along with the pertinent supporting documents, records. The financial statement has been drawn in compliance with the provision of the partner agreement.
- 4.02** Test check revealed the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures of the Program and other financial transactions including controls around cash transactions. No significant weakness has been noted in this aspect
- 4.03** Audit scrutiny has not noted any ineligible expenditure and any instances of non-compliance with the partner agreement.
- 4.04** Organization has put in place the mechanisms for tracking and safeguarding of assets purchased with grant funds. It is noted that assets are being used for the intended purposes. Fixed assets' register is exists and is maintained in accordance with procedure.
- 4.05** Designated bank account has been maintained and operated in accordance with the provisions of the agreement.
- 4.06** Funds disbursed to the organization by MJF and received by them are reconciled with each other. Funds were spent in conformity with the approved budget. Periodical expenditure reports are submitted by the organization to MJF.
- 4.07** Point observation referred in last year's 'Management Report' has been followed-up and found in agreement.

