



Grant Thornton

# Howladar Yunus & Co.

## Management Letter

Audit of the Financial Statements of  
More Information More Accountability  
Management and Resources Development

**Chartered Accountants**

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**Grant Thornton**

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## Management Letter

Audit of the Financial Statements of  
More Information More Accountability (MIMA) Implemented by  
Management and Resources Development Initiative (MRDI)  
For the period ended December 31, 2021

Submitted By:

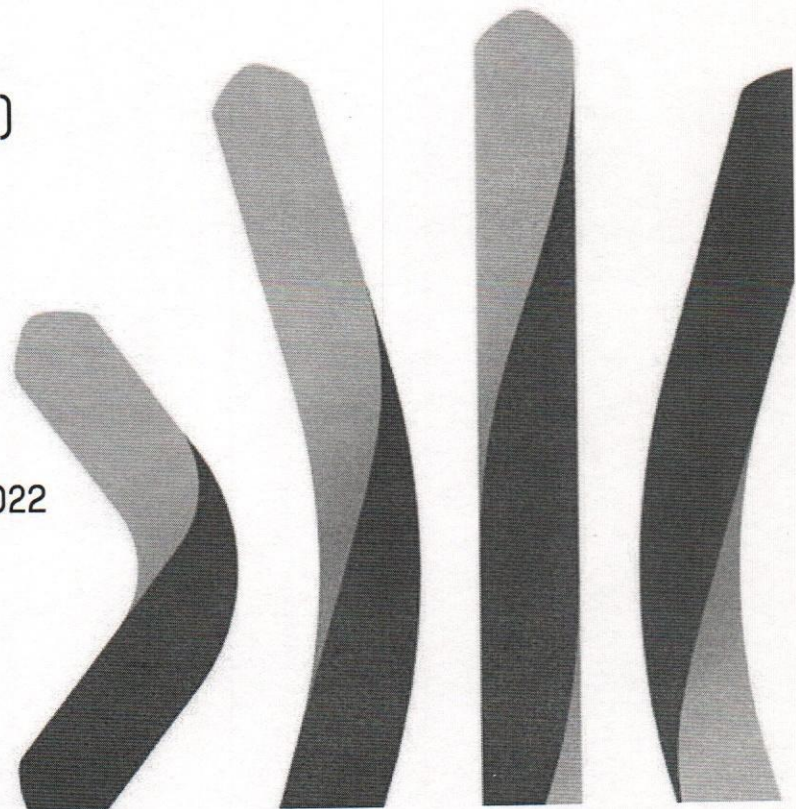
Howladar Yunus & Co.

Chartered Accountants (A Member Firm of GT International Ltd.)

Submitted To:

Management and Resources  
Development Initiative (MRDI)

Submission Date: 26 February 2022



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Transmittal Letter

26 February 2022

HYC/MF/Audit/MRDI/2021/  
The Executive Director  
Management and Resources Development Initiative (MRDI)  
8/19 Sir Syed Road (3<sup>rd</sup> Floor)  
Block-A, Mohammadpur  
Dhaka-1207

Dear Sir,

Management Letter on the audit of More Information More Accountability (MIMA) project, Implemented by Management and Resources Development Initiative (MRDI).

We have audited the financial statements of More Information More Accountability (MIMA) project, Implemented by Management and Resources Development Initiative (MRDI) for the period from 13 January 2021 to 31 December 2021 and are pleased to submit herewith our management letter thereon.

We conducted our audit in accordance with International Standards on Auditing (ISA's). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. It is pertinent to mention here that our audit procedures are designed primarily to enable us to form an opinion upon the truth and fairness of the accounts. Accordingly, we have carried out our tests and evaluations of your systems only to the extent necessary to enable us to arrive at our opinion. We have the pleasure in submitting here with our letter to the management in respect of the said audit. The management letter contains details of findings during the audit.

The review of the financial statements and internal controls as well as test of compliance with applicable rules and regulations disclosed certain instances of internal control weaknesses and non-compliance or lapses in compliances of rules, regulation, policies and procedures. These weaknesses and non-compliance have no material effect on the information reported in the financial statements and accordingly we did not modify our opinion thereon. All these reported in the attached memorandum under the head "Observation" with four sections:

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We have divided each point contained in this report as:

- I. Fact;
- II. Effect;
- III. Management Response;
- IV. Recommendation.

The response received from the management of MRDI, have been incorporated under the heading "Management Response" of each our findings without change or editing. Our objective is to use our knowledge of the organization gained during our audit work to make useful comments and suggestions for you to consider. However, you will appreciate that our routine audit work is designed to enable us to form an opinion on the financial statements of "More Information More Accountability (MIMA)."

We take this opportunity of expressing our thanks to the management and staff of your organization for the kind co-operation they have extended to us during the course of our audit.

Please do not hesitate to contact us should you require further clarification regarding any of the matters discussed in this report.

Yours faithfully,



Chartered Accountant

## 1 The purpose of this letter

This management letter is submitted to Management and Resources Development Initiative (MRDI) summarizes the significant issues and conclusions from audit for the period ended 31 December 2021 together with our comments on relevant issues found during the course of our audit.

Audit matters of governance interest are those that arise from the audit of financial statements and, in the opinion of the audit team, are both important and relevant to the management and those charged with governance with regard to overseeing the financial reporting and disclosure process. Audit matters of governance interest include only those matters that have come to the attention of the audit team as a result of the performance of the audit.

## 2 Scope of services

Howladar Yunus & Co., Chartered Accountants was appointed to audit the financial statements for the period from 13 January 2021 to 31 December 2021, is required to express an opinion on whether the financial statements present fairly all incomes, receipts and expenditure/costs incurred for the above period and whether the statements are drawn up in conformity with generally accepted accounting principles and standards. The audit has been carried out as per terms of reference for management and financial audit of More Information More Accountability (MIMA) project implemented by Management and Resources Development Initiative (MRDI).

An audit includes obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on, or to identify significant deficiencies in, internal control. However, we are responsible for communicating to Management and Resources Development Initiative (MRDI) any significant deficiencies or material weaknesses in internal control over financial reporting that come to our attention during the course of our engagement.

When conducting an audit on a test basis, ISAs require the auditor to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatements, whether caused by error or fraud. An audit is not a guarantee of the accuracy of the financial statements and is subject to the inherent risk that errors, fraud, or illegal acts, if they exist, might not be detected. Accordingly, a material misstatement may remain undetected. Further, an audit is not a special engagement designed to detect errors or fraud that is immaterial to the financial statements.



### 3 Our Methodology

#### 3.1 Audit Methodology

Audit methodology for the assignment is as per guideline of IAS, GT Audit & Assurance Manual and based on our past experience of similar assignments.

#### 3.2 Auditing to International Standards

Howladar Yunus & Co., Chartered Accountants follows for all statutory, management and financial audit assignments the internationally recognized and defined audit approach of Grant Thornton International (GTI) worldwide committed to the highest levels of quality and excellence through conduct of audit applying the latest audit techniques, quality control procedures and following the recommended and accepted ISAs.

#### 3.3 Communication with Management & those Charged with Governance

During the course of audit, reports are issued to the management of the Organization in order to keep them acquainted with the status of different components of the financial statements covered and the work yet to be carried out on the remaining components along with the problems being faced in connection with the smooth conduct of the audit. If our audit procedures identify a fraud or situation that indicates that a fraud may exist, we shall also communicate these matters as soon as practicable to the appropriate level of management.

#### 3.4 Management Letter

At the completion of the audit a formal management letter is issued relating to the observations, specific deficiencies and weaknesses found in the systems and controls with reference to their impact on the financial statements. Management letter also contains valuable and professional suggestions and recommendations on the deficiencies found in the systems and internal controls. We issue reports to those charged with governance and make management aware, as soon as practicable, and at the appropriate level of responsibility, of material weaknesses in the design or implementation of internal control to prevent and detect fraud which may have come to our attention.



#### 4. Observations:

1. Loan was taken without any approval of NGOAB and the Executive Committee of the NGO.

#### Fact:

As per condition no.- 21 of the Terms of Reference-ToR issued by NOGAB by vide letter no: 03.07.2666.657.43.253.17-619, dated- 31 January 2022 refers that, "If the Program is implemented through the taking of a loan, then the reason of taking loan with, source of loan and the information regarding prior approval of NGOAB and approval of Executive Committee of the NGO should be furnished." During our verification, we observed that the project has taken a loan during the year of Taka 375,000 from the MRDI Core Account but no prior approval of NGOAB and approval of the executive committee of the NGO were taken at the time of taking the loan. However, subsequently, a letter was submitted to NGOAB for informing about the loan received. Moreover, Taka 75,000 has been repaid during the audit period leaving a loan balance of Taka 300,000. Details are given below:

Date	Transactions	Particulars	Amount
17-Jan-2021	MRDI	Loan was taken from for opening bank account	5,000
19-Jan-2021	MRDI	Loan was taken for opening bank account	20,000
27-Jan-2021	MRDI	Loan was repaid	(25,000)
13-April-2021	MRDI	Loan was taken for implementation of program	50,000
29-April-2021	MRDI	Loan was repaid	(50,000)
27-Dec-2021	MRDI	Loan was taken for implementation of program	300,000
<b>Total</b>			<b>300,000</b>

#### Implication:

Non-compliance of NGOAB rules/regulations.

#### Recommendations:

Management should comply with the NGOAB rules/regulations to avoid any penalty from its regulator.

#### Management Response:

As per agreement with TAF, it is mentioned that 10% of the total contracted amount would be disbursed after approval of the final financial and narrative report by TAF. Accordingly, to complete the remaining activities of the project, we have taken approval from TAF and expended above mentioned amount taking loan from MRDI operational account on 27 December 2021. During that time, both we and TAF were not aware about the circular mentioned above. But during the audit of the project, we came to know about the circular. Immediately we admitted the mistake through a letter to NGOAB - letter no. MRDI/2021-2022/470 dated 25 January 2022 with a commitment that such mistake will not take place in future.

