

**Management Letter on the audit
of
The Consolidated Financial Statements of
Media Resources Development Initiative (MRDI)
For the year ended 30 June 2025**

A. QASEM & Co.
Chartered Accountants Since 1953

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Media Resources Development Initiative (MRDI)
For the year ended 30 June 2025**

09 December 2025

Mr. Hasibur Rahman
Executive Director
Media Resources Development Initiative (MRDI)
8/19, Sir Syed Road (3rd & 4th Floor)
Block-A, Mohammadpur
Dhaka-1207, Bangladesh

Subject: Management letter on the audit of the consolidated financial statement of Media Resources Development Initiative (MRDI) for the year ended 30 June 2025.

Dear Sir,

We have audited the Consolidated financial statements of Media Resources Development Initiative (MRDI) for the year ended 30 June 2025 and we have submitted the audited financial statements separately.

We understand that the management is responsible for the maintenance of proper accounting records for the preparation of the 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 audit 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. Furthermore, our report should not be relied upon to have disclosed defalcations or other similar irregularities, although their disclosure, if they exist, may well result from the audit tests we undertake.

Our audit included, on a test basis, an examination of accounting procedures and records as we were considered appropriate under the circumstances. On the basis of our audit observations and findings, we would like to bring certain matters to your kind attention that we observed during the course of our audit. Our observations and findings with provision for management response have been described on the following pages.

We would like to thank you and your staff for the assistance and cooperation extended to us during the course of the audit.

Thanking you,

Yours faithfully,



A. Qasem & Co.
Chartered Accountants

TABLE OF CONTENTS

CRITERIA FOR RATING AUDIT RISK PRIORITY	3
Finding 01: MRDI depreciation policy contradicts IFRS guidance	4
Finding 02: Absence of Internal Audit Function at MRDI contrary to Section 17.4 of Financial and Administrative Manual	5
STATUS OF PRIOR YEAR AUDIT FINDINGS	6

CRITERIA FOR RATING AUDIT RISK PRIORITY

The audit observations have been categorized according to the priority of the audit recommendations and the possible causes of issues. The categorized audit observation provides a basis on which the Welthungerhilfe Bangladesh may undertake future actions as follows:

High (Critical)	Internal controls, governance and risk management processes were neither established nor functioning well. The control deficiency can significantly impact the ability of the efficiently manage and report on the use of the Donor funding. Prompt action is required to ensure the entity is not exposed to high risks. Failure to take action could result in major negative consequences for the Donor.
Medium (Important)	Internal controls, governance and risk management processes were generally established and functioning but needed improvement. The control deficiency can impact the ability of the efficiently manage and report on the use of the Donor funding. Action is required to ensure that the Donor agency is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for the Donor.
Low	Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the ability of the efficiently manage and report on the use of the Donor funding. Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if dealt with during the exit meeting, would not be included in the audit report.

We have noted some findings during our audit. These findings or observations are not material to financial statements as a whole but are considered to be of relevance to either management or the MRDI are reported in our management letter.

Finding 01: MRDI depreciation policy contradicts IFRS guidance**Observation:**

As per MRDI's Finance and Administrative Policy, Section 3.3.6, depreciation is charged only for assets acquired in the first six months of the year, and no depreciation is recorded for assets acquired in the second half of the year or in the year of disposal. According to IAS 16 – Property, Plant and Equipment, depreciation should be recognized from the date an asset is available for use, irrespective of the acquisition month.

Risk Level: Medium (Important)**Implication:**

MRDI's current policy may result in understatement of depreciation expense and overstatement of asset values, leading to financial statements that are not fully compliant with IFRS.

Recommendation:

MRDI should revise its depreciation policy to ensure depreciation is charged from the date an asset is available for use, in accordance with IAS 16.

Management Response:

MRDI acknowledges the observation and agrees with the recommendation. The management intends to review and update the depreciation policy to align with IAS 16 requirements.

The organization is currently in the process of implementing Microsoft Dynamics 365 Business Central (Essential), which is expected to be launched by next fiscal. Under this system, depreciation will be automatically calculated from the date of purchase, ensuring accuracy and compliance with IFRS.

The revised depreciation policy will be presented to the Board of Directors for approval and implemented from the next financial year.

Finding 02: Absence of Internal Audit Function at MRDI contrary to Section 17.4 of Financial and Administrative Manual**Observation:**

As per Section 17.4 of the Finance and Accounts Manual, MRDI is required to establish an internal audit function to ensure best practices, continuous monitoring, and compliance. However, during our audit, we found that no internal audit practice currently exists.

Risk Level: Medium (Important)**Implication:**

Absence of an internal audit function limits independent oversight, reduces assurance over compliance, financial and operational controls, and weakens governance. This increases the risk of errors, irregularities, noncompliance with policies, and ineffective monitoring of organizational activities.

Recommendation:

MRDI should establish a dedicated internal audit function carried out by a designated employee, fully independent from day-to-day operations, reporting directly to the Executive Director and Board. This will ensure continuous monitoring, adherence to best practices, strengthened governance, and improved accountability.

Management Response:

Management acknowledges the observation regarding the absence of an internal audit function. MRDI recognizes the importance of an independent internal audit mechanism to enhance internal controls, compliance, and governance.

However, considering the current organizational size and financial constraints, MRDI will not appoint an internal audit team at this time. This observation will be reviewed during the deployment of ERP.

STATUS OF PRIOR YEAR AUDIT FINDINGS

SL #	Prior year audit findings	Current year status
01	Trial balance for combined financial statements of MRDI could not be generated from the accounting system used by MRDI.	Not resolved
02	Lack of physical control over the Gaon Swapna product with a value of Taka 347,913 maintained with Unimart.	Resolved
03	Insurance coverage was not taken for fixed assets	Resolved
04	Compliance checklist for FD-6 and Donor Contract has not been maintained by MRDI.	Resolved
05	No practice of providing training to the employees of the Finance Department on IAS and IFRS which are applicable to NGOs.	Resolved

Legend:

1. 'Resolved' implies no similar findings found in current audit year
2. 'Not resolved' implies similar findings exists in current audit year

Management Response 01:

MRDI maintains its books of account in Tally software from where trial balance for combined financial statements of MRDI could not be generated. Considering this observation, the organization plans to automate its financial management system by deploying the ERP.

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