

Management Letter
on
Audit of the Financial Statements
of
“Improving Qualitative Journalism in Bangladesh”
project, implemented by Management and
Resources Development Initiative (MRDI), in
partnership with Fojo Media Institute, Linnaeus
University, Sweden
For the year ended 31 August 2018

22 November 2018

Mr. Hasibur Rahman
Executive Director
Management and Resources Development Initiative (MRDI)
8/19, Sir Syed Road (3rd Floor)
Block # A, Mohammadpur
Dhaka – 1207, Bangladesh

Subject: Management Letter on the audit of the financial statements of the Project “Improving Qualitative Journalism in Bangladesh” implemented by Management and Resources Development Initiative (MRDI) in partnership with Fojo Media Institute, Linnaeus University, Sweden for the year ended 31 August 2018

Dear Sir,

We have audited the financial statements of the Project “Improving Qualitative Journalism in Bangladesh” implemented by Management and Resources Development Initiative (MRDI) in partnership with Fojo Media Institute, Linnaeus University, Sweden for the year ended 31 August 2018 and have submitted our audit report and audited financial statements separately.

Our audit was carried out with the objective to form an opinion on the financial statements and to highlight the weaknesses in the internal control system that came to our notice during the course of our audit. Our audit included an examination of accounting procedures and records, on a test basis, as were considered appropriate under the circumstances. On the basis of our audit observations and findings, we would like to bring certain matters for your attention. Each of our findings has been presented in the following fashion:

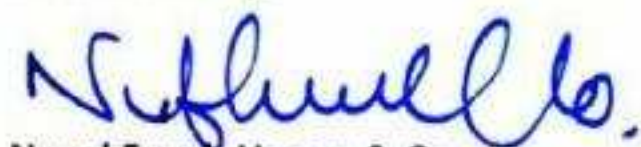
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|---------------------------|---|---------------------|
| 1 st Paragraph | - | Observation |
| 2 nd Paragraph | - | Implication |
| 3 rd Paragraph | - | Recommendation |
| 4 th Paragraph | - | Management Response |

However, it may be mentioned here that there may exist some material weaknesses in the internal control systems which are not revealed through our sample testing. To reveal those weaknesses a more in-depth approach of internal control testing is required which is basically not in the scope of our audit engagement of the financial statements.

We would like to keep on record our sincere thanks and gratitude to the management and staff members of Management and Resources Development Initiative (MRDI) involved with the project for extending their cooperation in conducting the audit.

Thanking you.

Yours faithfully,



Nurul Faruk Hasan & Co
Chartered Accountants



1. Use of advance payment practice made to staff

Observation

As per article 10 of the donor's agreement, it is observed that advances should be avoided as far as possible and a separate advance register shall be maintained for various advances made to staffs and to the third parties in accordance with the Financial and Administrative Manual. However, we observed that MRDI made advances to its staff members several times during the period for programme related expenses and no advance register was maintained. Such instances are given as below:

Voucher no. & date	Ledger head	Name of staff	Purpose of advance	Amount Taka
227 & 28-Aug-2018	Advance for expenses	Ms. Aktarun Naher	Advance made to Ms. Aktarun Naher against equipment rental & other expenses for promotional films from Choturvuj Media Plus and camera persons' (Mr. Md. Jamal Hossain and Mr. Md. Kajal) per diem.	94,000
206 & 11-Jul-2018	Advance for expenses	Ms. Aktarun Naher	Advance made to Ms. Aktarun Naher against network meeting with editors and regional dialogue on 5 & 5 for journalists who paid the amount to various participants from outside Dhaka as subsistence allowance.	442,000

Implication

Such departure from the written procedures and practice as adopted by MRDI may lead to non-compliance with its Financial and Administrative Manual as well as with the Donor's Agreement.

Recommendation

MRDI authority should adhere to its advance policy as stipulated in the Financial and Administrative Manual and should keep a separate advance register.

Management Response

As per article 10 of the donor's agreement, MRDI avoided the staffs' personal advance against salary. But for implementation of the project activities MRDI had to issue programme advance where cheque payment was not possible. The mentioned advances (Voucher-227 dated 28-Aug-2018) were issued to project staff to make instant payment against spot services where the service provider was unwilling to receive the cheque payment.

Payments (Voucher 206 dated 11-Jul-2018) were made to the participants of the programme against food, travel and accommodation who came from the outside Dhaka. As this payment to the participants against their daily expenditure, cheque payment was not possible. So this type of programme advances are unavoidable.

As the project maintain individual ledger in the accounting software which fulfil the requirement of separate register, so no separate advance register is required or maintained.

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