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Howladar Yunus & Co.

Management Letter On the Consolidated Financial S
Management and Resources Development (M
For the year ended 30 June, 2021

Chartered Accountants

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Management Letter On the Consolidated Financial Statements of
Management and Resources Development (MRDI)
For the year ended 30 June, 2021

Submitted by
Howladar Yunus & Co.
Chartered Accountants

28 October 2021

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Transmittal Letter

28 October 2021

HYC/MF/Audit/MRDI/2021/

The Executive Director

Management and Resources Development Initiative (MRDI)

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Dear Sir,

Management Letter on the audit of consolidated financial statements for Management and Resources Development Initiative (MRDI) for the year ended 30 June 2021.

We have audited the consolidated financial statements of Management and Resources Development Initiative (MRDI) for the year ended 30 June 2021 and are pleased to submit herewith our management letter thereon.

We conducted our audit in accordance with Bangladesh Standards on Auditing. 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:

We have divided each point contained in this report as:

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





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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 consolidated financial statements of Management and Resources Development Initiative (MRDI).

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 Accountants

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 June 30, 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 consolidated financial statements for the period ended June 30 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 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 to MTB Livelihood program amount to Taka 43,000 remain unadjusted since 2018.

Fact:

On verification, we observed that loan was given to the MTB Livelihood program in the year 2016-17, which is remain unadjusted since 2018. Details are as follows:

Disbursement Date of loan	Name of the project	Last Adjustment Date	Unadjusted period	Unadjusted Amount
2016-2017	MTB Livelihood program	2017-2018	3 Years	28,000
2016-2017		2017-2018	3 Years	15,000

Implications:

- It indicates misuse of funds.
- Lack of internal control.



Recommendations:

Management should take necessary steps to recover the amount from project fund before close of the project grant.

Management response:

The reality is, the executive committee of the above mentioned two samittee taken loan from Gaon Swapna distributed among some members for production purpose which they could not realize due to interruption of production & supply during covid-19 pandemic. Considering the situation, the MRDI management will adjust the loan with proper communication and documentations.



Prior year observation status:

SL #	Observation	Compliance status
01	Internal Report on budgeted activities was not available.	Complied

