

Management Report

Of

YOUNG POWER IN SOCIAL ACTION (YPSA)

Consolidated Accounts

For the period ended 30th June, 2023

Auditor:

Ahmed Zaker & Co;
Chartered Accountants

(A Member Firm of GGi)

74, Sk. Mujib Road (3rd Floor), Agrabad C/A, Chattogram-4100, Bangladesh.



Ref. Audit/YPSA/AZC/CTG-245

Date: 15th January, 2024

Managing Director

House #F10 (P), Road #13 Block -B
Chandgaon R/A, Chattogram, Bangladesh.

Subject: Management Letter for the period ended 30th June 2023.

Dear Sir,

In accordance with appointment, as a part of our audit, we highlight certain matters concerning the internal control policies, compliance to accounting practices and procedures and such matters are set out in the following pages which has come to our attention during the course of our audit of **YOUNG POWER IN SOCIAL ACTION (YPSA)** for the year from 01st July, 2022 to 30th June, 2023.

The management of **YOUNG POWER IN SOCIAL ACTION (YPSA)** 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 company's assets, and for the prevention and detection of irregularities and fraud.

Our programme involved the review of only those controls and systems in your project 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. 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 programme included, on a 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 kind attention that we observed during the course of our audit.

We have presented each point contained in this report as:

■ **Observation**

■ **Comments**

■ **Recommended**

The matters are offered for consideration of the management of the organization as part of the on-going process of improving the internal control mechanism and monitoring of compliances with financial and administrative practices and procedures as laid down in applicable laws, rules and regulations.

Thank You,

Arup Chowdhury FCA

Ahmed Zaker & Co.

Chartered Accountants



1. Donor should consider the interest of grants amount including tax.

Observation:

During our audit, we found that donors give many project grants but they add interest to these grants but they do not consider the amount of tax on the interest.

Implication/Risk:

- It indicates weakness of internal control.

Recommendation:

- We would recommend that the management take necessary steps to consider interest tax with donors.

Management Response: Thanks for your observation. YPSA will explore it to donor as per recommendation.





2. No Insurance for petty Cash.

Observation:

During our audit we noticed that there was no insurance for petty cash.

Implication/Risk:

- It is vulnerable to cash security
- It indicates weakness of internal control.

Recommendation:

- We would like to suggest that, insurance should be taken for petty Cash.

Management Response: YPSA will take necessary initiative as per recommendation.





3. Some bank A/C are managed for multiple projects.

Observation:

During our audit we noticed that some bank A/C are maintained for more than one project.

Implication/Risk:

- Problems occur in checking bank balance.
- Problems of mutual misunderstanding between management of projects may arise in future
- It indicates weakness of internal control.

Recommendation:

- We would recommend that, management of YPSA should take necessary steps in this regard.

Management Response: In some project it has happened due to same donor same project started as new phase.





4. Depreciation Method for the project.

Observation:

During our audit we noticed that not all projects follow the same method of depreciation of fixed assets.

Implication/Risk:

- It indicates the weakness of internal control system.
- There is an obvious possibility of error in this calculation.

Recommendation:

- We would recommend that the management should take necessary measures to avoid such irregularities and should maintain a balance reducing system for depreciation.

Management Response: YPSA uses reducing balance method for charging depreciation. We will check and take necessary action.





5. Core staff salary did not provide from YPSA Centralize.

Observation:

In Course of our audit, we found that YPSA didn't pay core staff salary from YPSA Centralize account which comes from different projects.

Implication/Risk:

- It may risk calculation of salary.
- It indicates a weakness of internal control.
- It turns out to be a time-consuming affair.

Recommendation:

- We would recommend that, management of YPSA should pay core staff salary from YPSA mother bank accounts.

Management Response: YPSA operational system is decentralized. Tere are different department/units under which the projects are running. Management staff salary comes from different projects in departmental a/c and paid to the staff.





6. Fixed assets verification & have not been conducted by the management or by any other third party.

Observation:

During our audit at YPSA, we noticed that there is no physical verification of fixed assets carried out by the management or any other third party.

Implication/Risk:

- Inadequate control over fixed assets may result in loss, misuse or mis-transfer of valuable assets
- Possibility of misuse of resources
- It indicates internal control weakness

Recommendation:

The frequency of review may be once or twice a year depending upon the requirement of the management for better control over assets or stocks and to ensure that the items reported in the books of account as assets/stocks are also physically available. If there is any discrepancy between the physical and the books of account, it helps to identify the reasons for the discrepancy and take corrective measures to avoid repeating the mistake.

Management Response: Inventory for the year 2022-2023 is on process.



7. Money laundering act maintain properly.

Observation:

During our audit, we observed that YPSA had many projects which were foreign grants and YPSA strictly maintains Money Laundering Act.

Implication/Risk:

- If the Money Laundering Act is not enforced, it can destabilize an entire economy.
- If the Money Laundering Act is not maintained then the reputation of the organization is more likely to be tarnished.

Recommendation: Money Laundering Act

YPSA has been and still is in strict compliance with the Money Laundering Act. We would recommend that management take necessary measures to ensure proper enforcement of Money Laundering Act in future. YPSA Anti Money Laundering Committee should be maintained to prevent money laundering.

Management Response: YPSA maintaining Money Laundering Prevention Act and Bangladesh Bank compliances very strictly. YPSA has guideline for combating money laundering and terrorist financing, Central Compliance Unit (CCU), Chief Anti Money Laundering Compliance Officer.

