

**Audit Report
of
“Microfinance Program”
Implemented by
People's Welfare Foundation
For the year ended June 30, 2023**

Audited By



S.K. BARUA & CO.
CHARTERED ACCOUNTANTS

House - 184, (Ground Floor)
Road - 02, New DOHS
Mohakhali, Dhaka-1206.
Tel: 02-222284390, 01824-567 996
E-mail: skbarua_123@yahoo.com
Web: skbarua.com

a member of
empacta
registered in Berlin-Germany

Thielallee 113, D 14195 Berlin, Germany
Phone: +355672066161

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Since-1985

S.K. BARUA & CO.
CHARTERED ACCOUNTANTS

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Annexure-A1/1

Independent Auditor's Report
To
General Body of
People's Welfare Foundation
Village: Katia, Post office: Uttar Gazipur
Upazilla: Laksam District: Cumilla, Bangladesh

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of “**Microfinance Program**” of “**People's Welfare Foundation**”, which comprise the Statement of Financial Position as at June 30, 2023 and the Statement of Profit or Loss and Other Comprehensive Income, and Statement of Receipts and Payments, Statement of Cash Flows, Statement of Changes in Equity, for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects of the financial position of “**Microfinance Program**” of “**People's Welfare Foundation**”, as of June 30, 2023 and its financial performance for the year ended in accordance with International Financial Reporting Standards and Generally Accepted Accounting Practices.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountant (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The organization has made a lien some of its FDR which is mentioned in note 5.05 of notes to the financial statements. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the project's duration, disclosing, as applicable, matters related to projects period and using the going concern basis of accounting unless management either intends to liquidate the project or to cease operations, or has no realistic alternative but to do





so those charged with governance are responsible for overseeing the projects financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) would always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on these bases of financial statements. As part of an audit in accordance with International Standards on Auditing (ISAs) we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to the continue in project's activities up to the projects period. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, further events or conditions may cause the projects to cease to continue its operation up to end of the project period.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the project's or activities within the institute to express an opinion on the financial statements. We are responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.






We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safe guards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the legal and regulatory requirement:

In accordance with applicable laws and regulations, we also report the following.

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof.
- b) In our opinion, proper books of accounts as required by law have been kept by the organization so far as it appeared from our examination of these books;
- c) The statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of accounts.

Dated: Dhaka
25,September 2023


Mohammad Anwarul Haque FCA
Partner
Enrollment No: 1458
S. K. Barua & Co.
Chartered Accountants.

DNo: 2309251458AS489174



Annexure-A 1/2

People's Welfare Foundation
Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh
Statement of Financial Position

As at 30 June 2023

Properties and Assets	Notes	Amount in BDT	
		2022-2023	2021-2022
Non-Current Assets			
Property, plant and Equipment	6	307,646	226,083
Total Non-Current Assets		307,646	226,083
Current Assets			
Loan to Members	7	59,865,318	44,744,876
Short-term Investment	8	4,648,966	2,638,853
Advances, Deposits and Prepayments	9	1,708,470	1,897,600
Cash in Hand and at Bank	10	324,969	862,278
Total Current Assets		66,547,723	50,143,607
Total Properties and Assets		66,855,369	50,369,690
Capital Fund and Liabilities			
Capital Fund			
Cumulative Surplus	11	9,366,290	8,674,424
Reserve Fund	12	1,040,699	963,825
Total Capital Fund		10,406,988	9,638,248
Non-Current Liabilities:			
Loan from PKSf	13	6,200,000	-
Loan from Banks	14	4,811,058	3,996,734
Loan from Midas Financing Ltd.	15	1,667,359	2,373,921
Loan from Other Source	17	10,600,000	7,200,000
Loan from Staff Provident Fund	18	1,963,418	1,370,156
Members Apadkalin Fund	19	3,104,132	2,896,693
Staff Security Fund	20	175,000	115,000
Total Non-Current Liabilities		28,520,967	17,952,504
Current Liabilities:			
Loan from PKSf	13	2,300,000	-
Loan from Banks	14	3,185,676	2,482,675
Loan from Midas Financing Ltd.	15	706,562	620,183
Loan from Mac Foundation	16	350,000	360,000
Members Savings Deposits	21	18,452,931	16,865,528
Loan Loss Provision	22	2,346,029	1,928,301
Interest Provision for Loan	23	561,942	516,251
TDS Against Salary	24	-	6,000
Provision of Expenses	25	24,275	-
Total Current Liabilities:		27,927,415	22,778,938
Total Capital Fund and Liabilities		66,855,369	50,369,690

The annexed notes form an integral part of the Statement of Financial Position.


Chairman, Governing Body

People's Welfare Foundation



Executive Director

People's Welfare Foundation

This is the Statement of Financial Position referred to in our separate report of even date.



24 SEP 2023


Mohammad Anwarul Hoque FCA
Partner
Enrollment No.1458
S. K. Barua & Co.
Chartered Accountants

DVC: 230925 1458AS489179



People's Welfare Foundation
Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh
Statement of Profit or Loss and other Comprehensive Income
For the year ended June 30, 2023

Particulars	Amount in BDT	
	2022-2023	2021-2022
Income		
Service Charge on Loan	11,385,582	9,634,798
General Member Subscription Fees	2,100	2,100
Received from Admission Fees	10,160	10,790
Received from Loan Application Form	9,350	8,405
Received from Pass Book	14,035	12,485
Bank Interest	15,123	15,764
Bank Interest on FDR	113,027	149,556
Donation	-	100,000
Written-off Loan Recovery	88,444	37,373
Other Income (Note-26)	61,165	89,387
Total Income	11,698,986	10,060,658
Expenditure		
Salary and Allowance (Note-27)	5,675,483	4,724,493
Staff Incentive	140,415	60,888
Office Rent (Note-28)	428,000	420,000
Travelling and Transportation	545,446	286,183
Repairing and Maintenance	94,715	70,364
Electricity	70,002	61,636
Postage, Telephone and Fax	62,355	56,907
Office Stationery	51,892	46,631
Printing	31,600	14,000
General Expenses	17,490	10,500
Bank Charge and Commission	42,398	62,158
TAX Deduction at Source	27,188	-
Staff Training	11,444	930
Entertainment	145,430	31,692
Interest Paid on Savings Fund	844,789	839,476
Interest on Borrowed Fund	1,626,595	1,928,499
Loan Processing Fees	62,600	1,550
Interest on Staff Provident Fund	168,032	-
Audit Fees	28,750	9,000
Credit Rating	10,000	10,000
Loan Loss Expenses	417,728	385,630
Service Charge Rebate	223,704	187,769
Legal Fees	51,796	22,210
Registration & Licensing Fees	20,387	24,759
Software Maintenance	67,940	41,580
Website Development and Maintenance	5,360	3,000
Depreciation	58,709	57,109
Total Expenditure	10,930,248	9,356,964
Excess of Income over Expenditure	768,739	703,694
Total	11,698,986	10,060,658

The annexed notes form an integral part of the Statement of Profit or Loss and other Comprehensive Income.


Chairman, Governing Body
People's Welfare Foundation

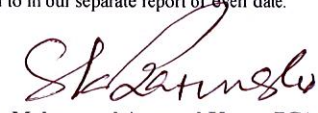

Executive Director
People's Welfare Foundation

This is the Statement of Profit or Loss and other Comprehensive Income referred to in our separate report of even date.

Dated, Dhaka

24 SEP 2023




Mohammad Anwarul Hoque FCA
Partner
Enrollment No.1458
S. K. Barua & Co.
Chartered Accountants

DYE: 2309251458AS489174



Annexure-A 1/4

People's Welfare Foundation
Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh

Receipts and Payments Statements
For the year ended June 30, 2023

Particulars	Amount in BDT	
	2022-2023	2021-2022
Receipts		
Opening Balance		
Cash in Hand	274,805	156,382
Cash at Bank	587,473	3,561,392
Loan Recovery from Borrowers	86,670,558	72,852,122
Loan Received from Other Source	6,250,000	2,350,000
Loan from Pubali Bank	4,000,000	-
Loan Received form MAC Foundation	500,000	500,000
Loan Received form PKSF for Jagoron	5,500,000	-
Loan Received form PKSF for Agrosor	3,000,000	-
Savings Deposit	13,753,543	12,816,261
Advance Against Salary	1,900	-
Member Apadkalin Fund Deposit	1,017,960	769,290
Staff Security Fund Deposit	70,000	60,000
Service Charge on Loan	11,385,582	9,495,414
General Member Subscription Fees	2,100	2,100
Received from Admission Fees	10,160	10,790
Received from Loan Application Form	9,350	8,405
Received from Pass Book	14,035	12,485
Bank Interest	15,123	15,764
Bank Interest on FDR	113,027	149,556
Investment Encashment	1,076	1,918,312
Received from MAC Foundation Investment	-	76,650
Donation	-	100,000
Written-off Loan Recovery	88,444	37,373
Other Income	61,165	27,821
Total Receipts	133,326,301	104,920,117
Payments		
Furniture and Fixture	57,272	96,816
Computer & Printing	83,000	23,600
Advance Against Salary	128,000	15,000
Advance Against Office Rent	-	16,000
Advance Against Purchase	-	22,000
Loan Disbursed to Borrowers	101,791,000	76,929,000
Loan Refund to Other Source	2,850,000	3,200,000
Loan Refund to Bank	2,482,675	2,716,058
Loan Refund to Midas Financing Ltd.	620,183	505,896
Loan Refund to MAC Foundation	510,000	240,000
Savings Refund	13,010,929	12,525,750
Investment on FDR	1,951,189	122,542





Particulars	Amount in BDT	
	2022-2023	2021-2022
Payments		
Investment to MAC Foundation	60,000	145,000
Loan Paid to Staff Provident	5,000	50,583
Staff Security Fund Refund	10,000	50,000
Member Apadkalin Fund Refund	810,521	196,089
Salary and Allowance	5,142,723	4,233,551
Staff Incentive	140,415	60,888
Office Rent	284,000	260,000
Travelling and Transportation	518,321	286,183
Repairing and Maintenance	94,715	70,364
Electricity	70,002	61,636
Postage, Telephone and Fax	60,205	56,907
Office Stationery	51,892	46,631
Printing	9,600	14,000
General Expenses	17,490	10,500
Bank Charge and Commission	69,586	62,158
Staff Training	11,444	930
Entertainment	97,730	31,692
Interest on Borrowed Fund	955,566	1,314,273
Loan Processing Fees	62,600	1,550
Provision of Income Tax	12,000	-
Provision of Interest on Loan paid	625,338	533,308
Website Development and Maintenance Fees	5,360	3,000
Service Charge Rebate	223,704	48,385
Legal Fees	51,796	22,210
Registration & Licensing Fees	20,387	24,759
Audit Fees	28,750	9,000
Credit Rating	10,000	10,000
Software Maintenance	67,940	41,580
Closing Balance		
Cash in Hand	156,481	274,805
Cash at Bank	168,488	587,473
Total Payments	133,326,301	104,920,117

The annexed notes form an integral part of the Statement of Comprehensive Income.


Chairman, Governing Body
People's Welfare Foundation



Executive Director
People's Welfare Foundation

This is the Statement of Comprehensive Income referred to in our separate report of even date.

Dated, Dhaka

24 SEP 2023




Mohammad Anwarul Hoque FCA
Partner
Enrollment No.1458
S. K. Barua & Co.
Chartered Accountants

Drc : 2309251458AS489174



People's Welfare Foundation


Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh

Statement of Cash Flows

For the period ended June 30, 2023

Particulars	Amount in BDT	
	2022-2023	2021-2022
A. Cash Flows from Operating Activities:		
Surplus for the period	768,739	703,694
Add: Amount considered as non cash items:		
Loan loss provision	417,728	385,630
Depreciation for the year	58,709	57,109
Salary and Allowance	532,760	490,942
Office Rent	144,000	160,000
Service Charge Rebate	-	139,384
Savings interest for the year	844,789	839,476
Other Income	-	(61,566)
Borrowing interest for the year	671,029	614,226
Provident fund interest for the year	168,032	-
Sub total of non cash items	3,605,786	3,328,895
Loan disbursed to borrowers	(15,120,442)	(4,076,878)
Increase/Decrease in current assets	(126,100)	245,500
Increase/Decrease in current liabilities	(644,811)	(763,785)
Net cash used in operating activities	(12,285,567)	(1,266,268)
B. Cash Flows from Investing Activities:		
Acquisition of Property, plant and equipment	(140,272)	(120,416)
Investment	(1,952,264)	1,727,420
Net cash used in Investing Activities	(2,092,536)	1,607,004
C. Cash Flows from Financing Activities:		
Loan received	12,830,742	(3,811,954)
Members savings	742,614	290,511
Other Funds	267,439	325,211
Net cash used in Financing Activities	13,840,795	(3,196,232)
D. Net increase/ decrease (A+B+C)	(537,309)	(2,855,496)
Add: Cash and Bank Balance at the beginning of the year	862,278	3,717,774
Cash and Bank balance at the end of the year	324,969	862,278

The annexed notes form an integral part of the Statement of Cash Flows



Chairman, Governing Body
People's Welfare Foundation


Executive Director
People's Welfare Foundation

Dated, Dhaka

24 SEP 2023




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People's Welfare Foundation

Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh

Statement of Changes in Equity as at June 30, 2023

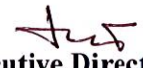
Particulars	Amount in Taka
Accumulated Surplus	
Opening Balance as at July 1, 2021	8,041,099
Add: Surplus for the year	703,694
Less: Transfer to Reserve Fund	70,369
Closing Balance as at June 30, 2022	8,674,424
Opening Balance as at July 1, 2022	8,674,424
Add: Surplus for the year	768,739
Less: Transfer to Reserve Fund	76,874
Closing Balance as at June 30, 2023	9,366,290

Reserve Fund (In Compliance with MRA Rule-20) as at June 30, 2023

Particulars	Amount in Taka
Opening Balance as at June 30, 2021	893,456
Add: Provision during the year	70,369
Closing Balance as at June 30, 2022	963,825
Opening Balance as at June 30, 2022	963,825
Add: Provision during the year	76,874
Closing Balance as at June 30, 2023	1,040,699

The annexed notes form an integral part of the Statements of Changes in equity



Chairman, Governing Body
People's Welfare Foundation


Executive Director
People's Welfare Foundation

Dated, Dhaka

24 SEP 2023




Mohammad Anwarul Hoque FCA
Partner
Enrollment No.1458
S. K. Barua & Co.
Chartered Accountants

DVC : 2309251458A5489174

Annexure A1/7

'People's Welfare Foundation
(Registered in Bangladesh under the Societies Registration Act, 1860)

Notes to Financial Statements
As at and for the year ended June 30, 2023

1.0 Background:

People's Welfare Foundation established in 2004 is working as a non-government organization for promotion and enhancement of fundamental human rights of excluded poor, underprivileged minorities through the implementation of community demand-driven development initiatives in Bangladesh. At present People's Welfare Foundation is operating its program in 5 Upazilas of Cumilla district of Bangladesh covering 128 villages under 26 Unions. These programs are mainly initiated to contribute towards poverty alleviation along with education, literacy, training, health services, rehabilitation, agriculture and rural development, preservation and development of environmental issues, women empowerment, social development and behavioral changes in the community, research and publication under the technical and financial support of national and international development agencies as well as from individuals. For microcredit operation, generally, its target clients are poor women. The corporate office of the organization is located at Village: Kaitra, P.O: Uttar Gazipur, Upazila: Laksam, District: Cumilla, Bangladesh.

Vision

People's Welfare Foundation envisions a society free of human rights violations and ensuring social justice.

Mission

To improve the quality of life of the target communities and those of their immediate families.

Objectives

- a) To organize and mobilize the poor, illiterate and landless children, women and men into viable groups at the village and grassroots level, so that they can plan to implement, manage and control their activity targeted for their own socio-economic and cultural development.
- b) To improve the economic position of the disadvantaged children, women, and men through credit support to involve them in income and employment generating activities, which will help to reduce their social, economic and cultural vulnerability.
- c) To facilitate and ensure the accesses of the target people to resources and facilities provided by the government and others.
- d) To improve the health situation of the children, women, and men through health education, mobilization of available health services and delivery of possible health services as and required.
- e) To change the status of children, women, and men through the promotion of rights of children, women, and human rights as a whole.
- f) To enhance the potentiality, competency issue and capability of target people through training, education, and learning by doing aimed at sustained improvement in their lives.
- g) Work as a complement and supplement of all government efforts and activities for development.
- h) To train target peoples and their families to make them more capable to earn by imparting them with basic education and sound vocational training.
- i) To establish an ecologically balanced environment.
- j) To arrange all possible measure in a proactive way to change the society upholding its interest.

2.0 Corporate Information of the People's Welfare Foundation

Sl. No.	Particulars				
1.	Year of establishment		2004 (Registrar Joint Stock Companies, Government of Bangladesh bearing the registration no. S-3663(452)/2004 dated 15/03/2004		
2.	Legal Entity (MRA Registration No.)		Microcredit Regulatory Authority bearing the registration no. 00257-00066-00627 dated 17/04/2012		
3.	e-TIN		Number 422121732415		
4.	Nature of operation (programs)		Microfinance Sewing Training and Distributing of Sewing Machine Wheel Chair Distribution Nursery and Plantation Goat Distribution Tube-well Installation Sanitary Latrine Distribution Non-formal Education Support		
5.	Statutory Audit conducted up to		June 30, 2023		
6.	Name of statutory auditor for the last year		A. K. Deb & Co. Chartered Accountants		
7.	Name of statutory auditor for current year		S. K BARUA & CO. Chartered Accountants		
8.	No. of Governing Body meeting held FY 2021-2022		9 (Nine)		
9.	Date of last AGM		5 November 2022		
10.	List of Governing Body Members				
	Name	Designation	Qualification	Profession	Present Address
10.1	Md. Kazi Nazrul Islam	Chairman	B.Sc. Engineering, MBA (Major in Marketing)	Private Service and Social Worker	Village: Misree, Post Office: Laksam, Upazila: Laksam, District: Cumilla
10.2	Md. Abdul Kader	Vice-Chairman	BA	Private Service and Social Worker	Village: Patwar, Post Office: Omargonj Bazar, Upazila: Nagal kat, District: Cumilla
10.3	Mohammed Anisur Rahman	Treasurer	MCom, MBA (Major in Finance)	Private Service and Social Worker	Village: Raipura, Post Office & Upazila: Raipura, District: Narsingdi
10.4	Md. Emdadul Hoque	Secretary	MCom, MBA (Major in Finance)	Private Service and Social Worker	Village: Kaitra, Post Office: Uttar Gazipur, Upazila: Laksam, District: Cumilla
10.5	Md. Akramul Hoque	Member	BCom	Private Service and Social Worker	Village: Ashora, Post Office: Uttar Gazipur, Upazila: Laksam, District: Cumilla
10.6	Ms. Mahmuda Akter	Member	BA (honors)	Social Worker	Village: Kadarapur, Post Office: Nimshar, Upazila: Burichang, District: Cumilla
10.7	Ms. Rokeya Begum	Member	BA, B.Ed	Social Worker	Village: Lognashor, Post Office: Lognashor Bazar, Upazila: Barura, District: Cumilla

Basis of Preparation of Financial Statements

3.0 Basis of Accounting:

People's Welfare Foundation prepares its financial statements under the Bangladesh Financial Reporting Standards (BFRS). People's Welfare Foundation generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items except for service charge on loan to members, which are recognized on a cash basis as disclosed in the Summary of Significant Accounting Policies. People's Welfare Foundation maintains its books of account and records on a program or project basis. People's Welfare Foundation accounting records and financial statements are maintained and presented under the principles of fund accounting. This is the procedure by which resources are classified for accounting and internal reporting into funds established according to their nature and purposes based on the existence or absence of donor-imposed restrictions.

4.0 Summary of Significant Accounting Policies:

The significant accounting policies followed in the preparation and presentation of these financial statements are summarized below.

4.1 Currencies

The financial statements are expressed in Bangladeshi Taka.

4.2 Revenue Recognition

Service charge on loans

Service charges on loans to members are recognized on a cash basis as income. Income is recognized when cash is realized.

Interest income

Interest on bank accounts, revenue is recognized as the interest accrues unless collectibility is in doubt.

Other income

All other incomes are recognized when People's Welfare Foundation's right to receive such income has been reasonably determined and all conditions precedent is satisfied.

4.3 Expenses

Program related expenses arise from goods and services being distributed to beneficiaries in accordance with the program objectives and activities.

4.4 Fixed Assets and Depreciation

i) Recognition:

An asset, which meets the following criteria, is recognized as property, plant and equipment:

- Its cost exceeds Tk. 1,000.
- Its expected useful life is more than one year.
- It is tangible assets and
- Future Economic benefits associated with the item will flow to entity.

ii) Depreciation:

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided for on a straight-line basis over the estimated useful lives at the following annual rates:

Item	Annual Depreciation Rate (%)
Furniture & Fixtures	10
Equipment	15
Computer	20
Bicycles	15
Motorcycles	15



iii) Subsequent recognition:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the organization and its cost reliably measured. The cost of the day-to-day servicing of the property, plant and equipment are recognized in the statement of income and expenditure as incurred expenditure.

5.0 Significant organization policies

5.01 Members Savings Deposits:

All savings are payable to the beneficiaries on demand before maintaining all formalities of the organization. The People’s Welfare Foundation offers savings products to all members keeping in view of the following:

- a) The members have a formidable capacity of savings. The People’s Welfare Foundation provides a secured place to keep savings, increasing financial strength and capital growth of the members with view to reduce their dependency on external resources; and
- b) Improving the sustainability of the institution by developing a relatively stable means to finance its loan portfolio;
- c) The rate of interest on both compulsory and voluntary savings is 6% per annum;

5.02 Loan to Members:

People’s Welfare Foundation stresses on supporting economic activities to generate employment and income to reduce inequality among the disadvantaged and the poor. The loan products have been developed in response to the demand of their beneficiaries. Policy on loan services of the following:

- a) People’s Welfare Foundation gives loans when beneficiaries want them to support their economic activities;
- b) Loans are not linked to savings balances, loans and savings have been completely de-linked and made entirely voluntary;
- c) Loans to members without collateral;
- d) Loan repayments are made weekly installment;
- e) Service charges is 24% (Declining) per annum on loan disbursed respectively;

5.03 Provision for Loan Losses

Management regularly assesses the adequacy of the loan loss provision based on the age of the loan portfolio. At the end of each quarter, People’s Welfare Foundation calculates the required provision for loan loss based on the loan classification and provisioning methodology which is shown below and any adjustment, if required, are made and accounted for in the financial statements.

Loan Classification	Days in Arrears	Provision required (%)
Regular	Current (no arrears)	1
Watchful	1 – 30	5
Sub-standard	31 – 180	25
Doubtful	181 – 365	65
Bad	Over 365	80

Loans Written off

The write off of loans, if necessary, are charged against the provision for loan losses. Loans within their maturity period are classified as "current loan". A loan which remains outstanding over a year of their maturity period is considered as " bad loans".



Loan recovery efforts for delinquent loans over two years have been taken but loan collectability has proved extremely difficult. The list of such loans is presented to the Governing Body for write-off approval. Generally, loans are written off twice a year. Any collections realized from loans previously written off are credited to the statement of income and expenditure.

5.04 Members Apadkalin Fund:

Member Apadkalin Fund is a comprehensive micro-insurance program established by the People's Welfare Foundation in 2009 to provide social protection and security to its members and their families. Member Apadkalin Fund is mandatory for the People's Welfare Foundation's microfinance members. A premium of 1% of the loan amount is paid annually and is adjusted each year to ensure financial viability. Policy on this claim settlement of the following:

Apadkalin benefits provide support to beneficiaries' families in the event of the death of an adult in the family thereby easing the burden of the loan and include the provision of death benefits and Life-threatening disease, Long-term disability treatment. Upon the death of the policyholders and spouse loan balance is waived and refunded the savings balance.

5.05 FDR Lien:

The People's Welfare Foundation fund has an investment in FDR of BDT 4,399,194 in different banks and financial institutions in Bangladesh. Out of the amount of FDR, the People's Welfare Foundation fund enjoys loan facilities for microfinance beneficiaries through a lien of BDT 18,08,017 in Midland Bank Ltd., BDT 542,137 in Mercantile Bank Ltd., and BDT 224,040 in Midas Finance Ltd. The total amount of Lien is BDT 2,574,194 of the gross FDR amounts of BDT 4,399,194.

5.06 Employees' Provident Fund

People's Welfare Foundation maintains a contributory provident fund for its eligible permanent employees. All confirmed employees are contributing 10% of their basic salary as the subscription of the fund. People's Welfare Foundation also contributes an equal amount of the employees' contribution to the fund each month. Interest earned from the investment is credited to the employees' accounts every year.

5.07 Comparative Figures

Certain comparative figures have been reclassified to confirm the current year's presentation.



Notes on Balance Sheet (As on 30 June, 2023) :

	2022-2023	2021-2022
	Taka	Taka
6.00 Property, plant and Equipment:		
Cost		
Balance 01.07.2022	569,746	449,330.00
Add: Addition during the year	140,272	120,416.00
Less: Disposal during the year	-	-
Balance as on 30.06.2023	710,018	569,746
Depreciation		
Balance 01.07.2022	343,663	286,554
Add: Addition during the year	58,709	57,109
Less: Disposal during the year	-	-
Balance as on 30.06.2023	402,372	343,663
Written Down Value as on 30.06.2023 (Schedule Annex-A/4)	307,646	226,083
7.00 Loans to Members		
Loans to Members (Jagaron)	13,523,004	23,316,146
Loans to Members (Microenterprise)	17,430,554	5,884,634
Loans to Members (Agriculture)	28,911,760	15,544,096
Balance as on 30.06.2023	59,865,318	44,744,876
7.01 Loans to Members (Jagaron)		
Balance 01.07.2022	23,316,146	23,251,203
Add: Disbursed	33,243,000	40,451,000
Less: Realized	43,036,142	39,831,673
Less: Loan write-off	-	554,384
Balance as on 30.06.2023	13,523,004	23,316,146
7.02 Loans to Members (Microenterprise)		
Balance 01.07.2022	5,884,634	2,840,634
Add: Disbursed	24,840,000	9,510,000
Less: Realized	13,294,080	6,466,000
Balance as on 30.06.2023	17,430,554	5,884,634
7.03 Loans to Members (Agriculture)		
Balance 01.07.2022	15,544,096	15,500,803
Add: Disbursed	43,708,000	26,968,000
Less: Realized	30,340,336	26,554,449
Less: Loan write-off	-	370,258
Balance as on 30.06.2023	28,911,760	15,544,096
8.00 Short-term Investment		
Savings Fund Investment	2,633,017	1,755,460
Reserve Fund Investment	1,044,772	738,393
Other Investment	971,177	145,000
Balance as on 30.06.2023	4,648,966	2,638,853





8.01 Savings Fund Investment

Balance 01.07.2022	1,755,460	1,500,000
Add: Deposit	877,557	255,460
Less: Encashment	-	-
Balance as on 30.06.2023	2,633,017	1,755,460

8.02 Reserve Fund Investment

Balance 01.07.2022	738,393	907,001
Add: Deposit	1,040,152	12,082
Less: Transfer to Other Investment	732,698	180,690
Less: Encashment	1,076	-
Balance as on 30.06.2023	1,044,772	738,393

8.03 Other Investment

	2022-2023	2021-2022
	Taka	Taka
Balance 01.07.2022	145,000	1,959,272
Add: Deposit	93,480	-
Add: Transfer from Reserve Fund	732,698	-
Less: Encashment	-	1,814,272
Balance as on 30.06.2023	971,177	145,000

Bank Details:

Sl.	Bank Name & Branch	2022-2023	2021-2022
		Taka	Taka

Savings Fund Investment:

1. FDR-Midland Bank Ltd. Gulshan Branch, Dhaka	1,808,017	1,755,460
A/C No: 0011-1100007016 Tk. 338,146		
A/C No: 0011-1440000344 Tk. 367,584		
A/C No: 0011-1440000513 Tk. 581,720		
A/C No: 0011-1440000648 Tk. 520,567		
2. FDR-Meghna Bank Ltd., Cumilla Branch, Cumilla	825,000	-
A/C No: 2114-28500000001		

Reserve Fund Investment:

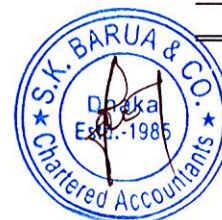
1. FDR-Midas Financing Ltd., Cumilla Branch, Cumilla	-	211,600
A/C No: 069052100021731		
2. FDR-Mercantile Bank, Cumilla Branch, Cumilla	-	521,098
A/C No: 1410000498816		
3. Deposited in NRB Bank Ltd.	44,772	5,695
A/C No: 2071030014856		
4. Deposited in Southeast Bank Ltd.	1,000,000	-
A/C No: 005624300001821		

Other Investment:

1. FDR-Mercantile Bank, Cumilla Branch, Cumilla	542,137	
A/C No: 1410000498816		
2. FDR-Midas Financing Ltd., Cumilla Branch, Cumilla	224,040	-
A/C No: 069052100021731		
3. Deposited in Mac Foundation, Cumilla	205,000	145,000
Balance as on 30.06.2023	4,648,966	2,638,853

9.00 Advances, deposits and prepayments

House Rent Advance	1,228,000	1,372,000
Motor Cycle	334,600	424,600
Advance Purchase	-	22,000
Salary Advance	145,870	79,000
Balance as on 30.06.2023	1,708,470	1,897,600





9.01 Advances, deposits and prepayments (House Rent)		
Balance 01.07.2022	1,372,000	1,516,000
Add: Paid	-	16,000
Less: Recovery	144,000	160,000
Balance as on 30.06.2023	1,228,000	1,372,000
9.02 Advances, deposits and prepayments (Motor Cycle)		
Balance 01.07.2022	424,600	513,100
Add: Paid	-	-
Less: Recovery	90,000	88,500
Balance as on 30.06.2023	334,600	424,600
9.03 Advances, deposits and prepayments (Purchase)		
Balance 01.07.2022	22,000	-
Add: Paid	-	22,000
Less: Recovery	22,000	-
Balance as on 30.06.2023	-	22,000
	2022-2023	2021-2022
	Taka	Taka
9.04 Advances, deposits and prepayments (Salary)		
Balance 01.07.2022	79,000	114,000
Add: Paid	128,000	15,000
Less: Recovery	61,130	50,000
Balance as on 30.06.2023	145,870	79,000
10.00 Cash in Hand and at Bank		
Cash in Hand	156,481	274,805
Cash at Bank	168,488	587,473
Balance as on 30.06.2023	324,969	862,278
10.01 Cash in Hand		
Kaitra	22,349	75,949
Laksam	34,674	43,754
Bagmara	56,987	103,452
Kashinagar	42,471	47,400
Head Office	-	4,250
Total	156,481	274,805

10.02 Cash at Bank

The above noted bank balance as on June 30, 2023 have been verified with the related paper, documents and confirmed. Details of Bank Accounts are as follows:

Sl. No	Name of Bank	Account Number	2022-2023	2021-2022
			Taka	Taka
1.	Midland Bank Limited Gulshan Branch, Dhaka	CD-0011-1490000367	3,690	3,242
2.	Exim Bank Limited Laksam Branch, Cumilla	STD-01613100272177	38,328	204,368
3.	Bangladesh Commerce Bank Limited Cumilla Branch, Cumilla	SND-02632000039	389	2,412
4.	ONE Bank Limited Laksam Branch, Laksam, Cumilla	STD-0363000000189	4,321	2,611





5.	Exim Bank Limited Bagmara Branch, Cumilla	STD-07413100079993	5,939	8,556
6.	Exim Bank Limited Mudaforgonj Branch, Cumilla	STD-03613100344156	3,108	139,656
7.	Jumuna Bank Limited Bizra Bazar Branch, Cumilla	STD-0092-0210004458	2,685	20,385
8.	Sonali Bank Limited Cumilla Branch, Cumilla	CD-1309402002509	7,113	7,171
9.	AB Bank Limited Cumilla Branch, Cumilla	CD-4131-763474-000	8,598	9,783
10.	Mercantile Bank Limited Cumilla Branch, Cumilla	CD-113911133164978	4,067	95,076
11.	Exim Bank Limited Kashinagar Branch, Cumilla	STD-1211100059115	83,791	94,213
12.	South East Bank Limited Cumilla Branch, Cumilla	STD-005613100000105	1,747	-
13.	Pubali Bank Limited Paduar Bazar Branch, Cumilla	STD-3356102000563	4,712	-

Total	168,488	587,473
	2022-2023	2021-2022
	Taka	Taka
Balance 01.07.2022	8,674,424	8,041,099
Excess of income over expenditure	768,739	703,694
Less: Transfer to Reserve Fund	76,874	70,369
Balance as on 30.06.2023	9,366,290	8,674,424

11.00 Cumulative Surplus

Balance 01.07.2022	8,674,424	8,041,099
Excess of income over expenditure	768,739	703,694
Less: Transfer to Reserve Fund	76,874	70,369
Balance as on 30.06.2023	9,366,290	8,674,424

12.00 Reserve Fund

Balance 01.07.2022	963,825	893,456
Add: Addition during the year	76,874	70,369
Balance as on 30.06.2023	1,040,699	963,825

In compliance with MRA rules No.20 Page no. 421, People's Welfare Foundation makes reserve at 10% of cumulative surplus of its cut off date and invest in FDR against the said reserve fund.

13.00 Loan from PKSF:

Balance 01.07.2022	-	-
Add: Received	8,500,000	-
Less: Paid	-	-
Balance as on 30.06.2023	8,500,000	-
Repayment (July 2023 to June 2024) within 1 year	2,300,000	-
Repayment above 1 year	6,200,000	-
Total	8,500,000	-

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2023. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan is 5% annually.





14.00 Loan from Banks:		
Loan from Midland Bank Ltd.	3,123,617	4,687,698
Loan from Mercantile Bank Ltd.	873,117	1,791,711
Loan from Pubali Bank Ltd.	4,000,000	-
Balance as on 30.06.2023	7,996,734	6,479,409
Repayment (July 2023 to June 2024) within 1 year	3,185,676	2,482,675
Repayment above 1 year	4,811,058	3,996,734
Total	7,996,734	6,479,409

14.01 Loan from Midland Bank Ltd.		
Balance 01.07.2022	4,687,698	6,695,467
Add: Received	-	-
Less: Paid	1,564,081	2,007,769
Balance as on 30.06.2023	3,123,617	4,687,698
Repayment (July 2023 to June 2024) within 1 year	1,295,073	1,564,081
Repayment above 1 year	1,828,544	3,123,617
Total	3,123,617	4,687,698

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2023. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan is 9% annually.

14.02 Loan from Mercantile Bank Ltd.		
Balance 01.07.2022	1,791,711	2,500,000
Add: Received	-	-
Less: Paid	918,594	708,289
Balance as on 30.06.2023	873,117	1,791,711
Repayment (July 2023 to June 2024) within 1 year	858,371	918,594
Repayment above 1 year	14,746	873,117
Total	873,117	1,791,711

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2023. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan is 8% annually.

	2022-2023	2021-2022
	Taka	Taka
14.03 Loan from Pubali Bank Ltd.		
Balance 01.07.2022	-	-
Add: Received	4,000,000	-
Less: Paid	-	-
Balance as on 30.06.2023	4,000,000	-
Repayment (July 2023 to June 2024) within 1 year	1,032,232	-
Repayment above 1 year	2,967,768	-
Total	4,000,000	-

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2023. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan is 9% annually.





15.00 Loan from Midas Financing Ltd.:		
Balance 01.07.2022	2,994,104	3,500,000
Add: Received	-	-
Less: Paid	620,183	505,896
Balance as on 30.06.2023	2,373,921	2,994,104
Repayment (July 2023 to June 2024) within 1 year	706,562	620,183
Repayment above 1 year	1,667,359	2,373,921
Total	2,373,921	2,994,104

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2023. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan is 11% annually.

16.00 Loan from Mac Foundation		
Balance 01.07.2022	360,000	100,000
Add: Received	500,000	500,000
Less: Paid	510,000	240,000
Balance as on 30.06.2023	350,000	360,000

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2023. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan is 9% (flat)

17.00 Loan from Other Source		
Balance 01.07.2022	7,200,000	8,050,000
Add: Received	6,250,000	2,350,000
Less: Paid	2,850,000	3,200,000
Balance as on 30.06.2023	10,600,000	7,200,000

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2023. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan are 8% to 9% annually.

18.00 Loan from Staff Provident Fund		
Balance 01.07.2022	1,370,156	1,135,863
Add: Received	430,230	340,380
Less: Paid	5,000	106,087
Add: Interest Credited	168,032	-
Balance as on 30.06.2023	1,963,418	1,370,156

The staff provident fund loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan is 6%

19.00 Members Apadkalin Fund		
Balance 01.07.2022	2,896,693	2,323,492
Add: Received	1,017,960	769,290
Less: Paid	810,521	196,089
Balance as on 30.06.2023	3,104,132	2,896,693

20.00 Staff Security Fund		
Balance 01.07.2022	115,000	105,000
Add: Received	70,000	60,000
Less: Paid	10,000	50,000
Balance as on 30.06.2023	175,000	115,000





	2022-2023	2021-2022
	Taka	Taka
21.00 Members Savings Deposit		
Balance 01.07.2022	16,865,528	15,735,541
Add: Deposits	13,753,543	12,816,261
Less: Refund/ Withdrawal	13,010,929	12,525,750
Add: Interest Credited	844,789	839,476
Balance as on 30.06.2023	18,452,931	16,865,528
21.01 Members Savings Deposit (Compulsory)		
Balance 01.07.2022	15,581,620	14,188,467
Add: Deposits	13,114,777	12,049,102
Less: Refund/ Withdrawal	12,112,793	11,420,638
Add: Interest Credited	776,212	764,689
Balance as on 30.06.2023	17,359,816	15,581,620
21.02 Members Savings Deposit (Voluntary)		
Balance 01.07.2022	1,283,908	1,547,074
Add: Deposits	638,766	767,159
Less: Refund/ Withdrawal	898,136	1,105,112
Add: Interest Credited	68,577	74,787
Balance as on 30.06.2023	1,093,115	1,283,908
22.00 Loan Loss Provision		
Balance 01.07.2022	1,928,301	2,467,313
Add: Provision made during the year	417,728	385,630
Less: Written-off	-	924,642
Balance as on 30.06.2023	2,346,029	1,928,301
23.00 Interest Provision for Loan		
Balance 01.07.2022	516,251	435,333
Add: Provision	671,029	614,226
Less: Paid	625,338	533,308
Balance as on 30.06.2023	561,942	516,251





	2022-2023	2021-2022
	Taka	Taka
24.00 TDS Against Salary		
Balance 01.07.2021	6,000	-
Add: Deduction	6,000	6,000
Less: Paid	12,000	-
Balance as on 30.06.2023	-	6,000
25.00 Provision Expenses		
Travelling Cost	9,895	-
Fuel Cost	6,230	-
Mobile Allowances	2,150	-
Entertainment Cost	6,000	-
Balance as on 30.06.2023	24,275	-
26.00 Other Income		
Write-off Loan Recovery	16,541	-
Sales of Stamp	7,105	22,405
PF Non-refundable amount	-	61,666
Savings Non-refundable amount	30,175	1,066
Legal & Miscellaneous	7,344	4,250
Balance as on 30.06.2023	61,165	89,387
27.00 Salary & Allowance		
Amount as per Receipts & Payments	5,142,723	4,233,551
Add: Entertainment	(41,700)	-
Travelling	(11,000)	-
Provident Fund	430,230	346,442
TDS against salary	6,000	6,000
Salary Loan	59,230	50,000
Motor cycle Loan	90,000	88,500
Balance as on 30.06.2023	5,675,483	4,724,493
28.00 Office Rent		
Amount as per Receipts & Payments	284,000	260,000
Add: Advance Office Rent Adjusted	144,000	160,000
Balance as on 30.06.2023	428,000	420,000



People's Welfare Foundation
(Registered in Bangladesh under the Societies Registration Act, 1860)
Fixed Assets Schedule
as at 30 June 2023

Annexure A/4

Asset Category	Cost			Closing balance 30-06-2023	Rate	Depreciation			Written down value 30-06-2023	Written down value 30-06-2022
	Opening balance '01-07-2022	Addition during the year	Disposal during the year			Opening balance 01-07-2022	Charged during the year	Adjustment for disposal during the year		
Furniture & Fixtures	380,616	57,272	-	437,888	10%	184,235	33,532	-	217,767	196,381
Equipment	4,000	-	-	4,000	15%	3,600	399	-	3,999	400
Computer	153,630	83,000	-	236,630	20%	124,328	24,778	-	149,106	29,302
Software	31,500	-	-	31,500	33%	31,500	-	-	31,500	-
Total	569,746	140,272	-	710,018		343,663	58,709	-	402,372	226,083





People's Welfare Foundation

Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh

BUDGET ANALYSIS

Financial Year: 2022-2023

Name of NGO: People's Welfare Foundation

MRA License No: 00257-00066-00627

Sl. No	Description	2022-2023			2023-2024
		Projected	Actual	Variance (%)	Proposed
	1. Area Coverage:				
	District				1
	Upazilla	-	-	0.00	2
	Union	2	3	50.00	5
	Village	10	7	-30.00	20
	2. Branch Opening	-	-	0.00	2
	3. Group/Samity Formation	30	13	-56.67	30
	4. Add New Member	1,171	1,018	-13.07	1218
	5. Add New Borrower	1,127	1,190	5.59	1355
	6. Recruitment	6	4	-33.33	7
	7. Deposits Collection	43,056,000	14,598,332	-66.09	33,196,275
	8. Refund Deposit	30,470,400	13,010,929	-57.30	5,710,000
	9. Recovery	130,994,876	86,670,558	-33.84	174,219,380
	10. Loan Disbursement	172,500,000	101,791,000	-40.99	237,140,000
	11. Borrowing	45,000,000	19,680,230	-56.27	52,500,000
	12. Loan returns	18,455,616	6,462,858	-64.98	24,207,334
	13. Received against insurance service	1,725,000	1,017,960	-40.99	2,371,400
	14. Insurance benefits given	862,500	810,521	-6.03	711,420
	15. Total Income	16,124,911	11,698,986	-27.45	23,482,334
	16. Total Expenditure	14,009,233	10,930,248	-21.98	18,937,872

Sl. No	Description	Current Balance
		(end of previous fiscal year)
	1. Area Coverage:	
	District	1
	Upazilla	5
	Union	26
	Village	128
	2. Number of Branch	4
	3. Number of Group	178
	4. Number of Member	2,492
	5. Number of Borrower	1,833
	6. Manpower	22
	7. Deposit Balance	18,452,931
	8. Loan Outstanding	59,865,318
	9. Loan Received	31,784,073
	10. Insurance Fund	3,104,132
	11. Cumulative Surplus	10,406,988





Sl. No	Description	2022-2023			2023-2024
		Projected	Actual	Variance (%)	Proposed
1	* Loan Recovery				
	Jagaron Microcredit	66,807,387	43,036,142	-35.58	52,176,288
	Urban Microcredit				
	Microenterprise	19,649,231	13,294,080	-32.34	61,066,310
	Seasonal Loan				
	Livestock Loan				
	Agriculture Loan	44,538,258	30,340,336	-31.88	60,976,783
	Others Loan				
	Total	130,994,876	86,670,558	-33.84	174,219,380
	* Specify according to loan type				
2	Fund Collection				
	1. Savings Collection:				
	Force Savings	33,120,000	13,890,989	-58.06	30,851,275
	Voluntary Savings	9,936,000	707,343	-92.88	2,345,000
	Fixed of deposit				
	Total:	43,056,000	14,598,332	-66.09	33,196,275
	MFI Borrowing				
	2. PKSF Loan	10,000,000	8,500,000	-15.00	40,000,000
	3. Bank Loan	30,000,000	4,000,000	-86.67	7,500,000
	4. Loan from Financial Institution	-	500,000		-
	5. Loan from other Institution				
6. Donation (Conditional)					
7. General/EC Member Loan					
8. Others Loan	5,000,000	6,250,000	25.00	5,000,000	
3	Insurance Fund Collection	1,725,000	1,017,960	-40.99	2,371,400
	Total:	46,725,000	20,267,960	-56.62	54,871,400
4	Utilization of Fund				
	1. * Loan Disbursement				
	Jagaran Microcredit Disbursement	87,975,000	33,243,000	-62.21	50,909,000
	Urban Microcredit Disbursement				
	Microenterprise Disbursement	25,875,000	24,840,000	-4.00	91,375,000
	Seasonal loan Disbursement				
	Livestock loan Disbursement				
	Agriculture loan Disbursement	58,650,000	43,708,000	-25.48	94,856,000
	Other Disbursement				
	Total:	172,500,000	101,791,000	-40.99	237,140,000
	* Specify according to loan type				
	2. Savings Returns				
	Compulsory Savings	26,496,000	12,125,070	-54.24	4,568,000
	Voluntary Savings	3,974,400	885,859	-77.71	1,142,000
	Fixed Deposit				
	Total:	30,470,400	13,010,929	-57.30	5,710,000
	3. Loan Repayment				
	PKSF Loan	1,100,000	-		3,450,000
	Bank Loan	13,295,615	2,482,675	-81.33	15,557,334
Loan from Financial Institution	700,000	620,183	-11.40	700,000	
Loan from Other Institution	360,000	510,000	41.67	500,000	
General/EC Member Loan					
Others Loan	3,000,000	2,855,000	-4.83	4,000,000	
Total:	18,455,616	6,467,858	-64.95	24,207,334	





5	Insurance Service:	862,500	810,521	-6.03	711,420
6	Fixed asset acquisition				
	Motor Vehicles		-		
	Furniture & Fixtures	50,000	57,272	14.54	300,000
	PKSF Loan	50,000	-	-100.00	150,000
	Electric Equipment				
	Computer & Accessories	50,000	83,000	66.00	50,000
	Computer Software		-		
	Total:	150,000	140,272	-6.49	500,000

Sl. No	Description	2022-2023			2023-2024
		Projected	Actual	Variance (%)	Proposed
7	Income				
	1. Service charge	15,719,385	11,385,582	-27.57	23,109,126
	2. Interest on Investment	219,276	113,027	-48.45	151,058
	3. Other interest	20,000	15,123	-24.38	20,000
	4. Entry Fees	11,710	10,160	-13.24	15,050
	5. Sale of passbook	15,000	14,035	-6.43	20,000
	6. Sale of Forms	17,250	9,350	-45.80	15,000
	7. Donation	-	-		-
	8. Others income	70,190	61,165	-12.86	75,000
	9. Recovery of Written off Loan	50,000	88,444	76.89	75,000
	10. General Member Subscription Fees	2,100	2,100	0.00	2,100
	11. Overhead cost from others Program	-	-		-
	Total Income:	16,124,911	11,698,986	-27.45	23,482,334
8	Expenses				
	Financial Expenses:				
	1. Savings interest	1,389,500	844,789	-39.20	1,880,279
	2. Interest of PKSF Loan	110,000	-		1,047,188
	3. Interest on Bank Loan	1,617,513	574,761	-64.47	1,142,460
	4. Interest on Committee Loan				
	5. Interest on Others institutional Loan	122,222	380,805	211.57	300,000
	6. Others	700,000	839,061	19.87	954,000
	Total Financial Expenses:	3,939,235	2,639,416	-33.00	5,323,927
	General and administrative Expenses:				
	7. Salary & Allowances*1				
	Basic Pay	3,158,820	2,902,306	-8.12	4,205,382
	Special Allowance		-		
	Dearness Allowance		-		
	House Rent Allowance	2,130,950	1,951,887	-8.40	3,342,789
	Medical Allowance	219,363	186,500	-14.98	500,000
	Festival Allowance	444,993	378,290	-14.99	462,592
	Rest & Recreation Allowance				
	Lunch Allowance	-			
	Conveyance/Hardship Allowance	313,375	256,500	-18.15	300,000





Telephone Allowance				
Educational Allowance		-		
Fixed Travel Allowance		-		
Overtime Allowance		-		
Others Allowance				
Total	6,267,500	5,675,483	-9.45	8,810,763
8. House Rent	456,000	428,000	-6.14	572,000
9. Printing and Stationeries:				
Printing & Binding	26,400	31,600	19.70	60,000
Stationary, Seals & Stamps	60,000	51,892	-13.51	60,000
Total	86,400	83,492	-3.37	120,000
10. Travel Expense				
Domestic	432,000	545,446	26.26	720,000
Foreign				
11. Telephone and Mail				
Telephone/Telex/Fax/Internet	44,000	45,550	3.52	60,000
Postal & Courier service	20,000	16,805	-15.98	18,000

Sl. No	Description	2022-2023			2023-2024
		Projected	Actual	Variance (%)	Proposed
8	12. Repairs & Maintenance				
	Office Building				
	Motor Vehicles	-	-		30,000
	Others	75,000	94,715	26.29	120,000
	Total	75,000	94,715	26.29	150,000
	13. Fuel Expense	-	-		
	14. Gas, Electric & Water bill	76,000	70,002	-7.89	96,000
	15. Entertainment	50,000	145,430	190.86	48,000
	16. Advertisement	10,000	-	-100.00	12,000
	17. Paper & Publication:				
	Newspaper & Magazine	4,600	-	-100.00	12,000
	Books & Publication				
	Total	4,600	-	-100.00	12,000
	18. Bank Charge	67,000	132,186	97.29	48,000
	19. Training Expense				
	Local Training	36,000	11,444	-68.21	60,000
	Foreign Training				
	Total:	36,000	11,444	-68.21	60,000
	20. Seminar, Conference & Workshop Expense				
	21. Legal Expense	24,000	51,796	115.82	46,218
	22. Meeting Expense				
	23. Registration Fees/Renewal Fees	25,680	20,387	-20.61	25,000
	24. Others Operational Expense	70,000	100,790	43.99	68,000
	25. Audit Fees	35,000	28,750	-17.86	50,000
	26. Honorarium for EC Members				
	27. Other Honorarium/Staff Incentive	200,000	140,415	-29.79	200,000
	28. Tax:				





Land Tax				
Income Tax				
Other Tax				
Customs Duty/VAT				
Total:	0	0		0
29. Rebate	51,500	223,704	334.38	120,000
30. Depreciation	86,370	58,709	-32.03	119,520
31. Cost Sharing Expenses				
32. Consultancy Service				
33. Total Operational Expenses	12,056,284	10,512,520	-12.80	16,679,428
34. Loan Loss Provision	1,952,949	417,728	-78.61	2,258,444
35. Net Surplus	2,115,678	768,739	-63.66	4,544,462
36. Transfer to Various Fund				
Reserve Fund	211,568	76,874	-63.66	454,446
DMF				
Others				
Total:	211,568	76,874	-63.66	454,446





S.K. BARUA & CO.
CHARTERED ACCOUNTANTS

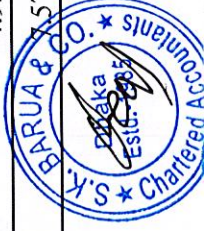
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Annexure-A/2

People's Welfare Foundation
(Registered in Bangladesh under the Societies Registration Act, 1860)
Eligibility Criteria Compliance Certification
For the year ended 30 June 2023

Sl. No.	Eligibility Criteria	Audited Figures or Compliance	
		FY 2022-2023	FY 2021-2022
1.	Minimum Loan recovery rates, computed quarterly, based on the following:		
i.	95% minimum cumulative loan collection ratio on total dues: <u>Actual Cumulative Collections X 100</u> Cumulative Collectibles	99.67%	99.23%
ii.	92-100% minimum loan collection ratio on current dues (on running 12 month basis) <u>Actual Collections during the past 12 months on current dues</u> Collectibles on current dues	99.29%	95.75%
2.	Minimum liquidity ratio of 10%	14.27%	15.52%
3.	Minimum current ratio of 2.0:1	2.38:1	1.40:1
4.	Minimum capital adequacy ratio of 15%	17.75%	20.41%
5.	Minimum debt service cover ratio of 1.25:1	1.09:1	1.08:1
6.	Debt Capital Ratio 9:1	4.93:1	4.03:1
7.	Minimum Rate of Return on capital of 1%	7.57%	7.58%





People's Welfare Foundation
(Registered in Bangladesh under the Societies Registration Act, 1860)
Portfolio Report
For the year ended 30 June 2023
Review of Loan Classifications and Provisions

(i) Classification of Loan and Loan Provision

Sl. No.	Particulars	No. of days Outstanding	Outstanding Loan	Required Provision	
			Amount (Tk)	Rate (In compliance with MRA circular no. 71)	Amount (Tk)
1	Total Loan Outstanding		59,865,318		
2	Total Overdue		2,093,368		
3	Regular	Loan with no overdue installments	57,568,220	1%	575,682
4	Watchful	Loan default duration between 1 and 30 days	68,287	5%	3,414
5	Sub-standard	Loan default duration between 31 and 180 days	297,231	25%	74,308
6	Doubtful	Loan default duration between 181 and 365 days	67,404	65%	43,813
7	Bad	Loan default duration above 365 days	1,864,176	80%	1,491,341
Total			59,865,318		2,188,558

(ii) Loan Loss Provision (LLP) status

Particulars	Amount (TK)
Required Provision fund as per MRA policy shown above in	2,188,558
Actual Provision made by the People's Welfare Foundation	2,346,029
Excess of Provision	157,471
Comments on LLP: It appeared from the above computation that the People's Welfare Foundation has made adequate provision on its outstanding loan balance (as per MRA circular no. 75, dated: 22 June 2023).	

Disclosure on Written off Loan:	
Loan Written off balance 01.07.2022	1,950,770
Loan Written off during the year 01.07.2022 to 30.06.2023	-
Written off Loan Recovery during the year 01.07.2022 to 30.06.2023	104,985
Loan Written off balance as on 30.06.2023	1,845,785





Annexure-A/3 (Continued)

(iii) Loan Operational Report

Sl. No.	Particulars	FY 2022-2023			FY 2021-2022		
1	Financial Service Product:						
	Loan Product:						
	Jagaron	13,523,004			23,316,146		
	Agriculture	28,911,760			15,544,096		
	Microenterprise	17,430,554			5,884,634		
	Savings Product:						
	Compulsory Savings	17,359,816			15,581,620		
	Voluntary Savings	1,093,115			1,283,908		
	Insurance Product (Member Apadkalin Fund):	3,104,132			2,896,693		
	Life and loan						
	Education						
	Marriage						
2	Number of branches	4			4		
3	Number of samities	M	F	Total	M	F	Total
		-	178	178	-	179	179
4	Number of members	-	2,492	2,492	-	2,829	2,829
5	Number of borrowers	-	1,833	1,833	-	1,873	1,873
6	Number of staff	18	4	22	16	5	21
7	Amount (Taka) of loan outstanding with samities	-	59,865,318	59,865,318	-	44,744,876	44,744,876
8	Member: Borrower	-	100:74	100:74	-	100:66	100:66
9	Average loan size	-	32,660	32,660	-	23,889	23,889





Auditor's Compliance on Terms of Reference (Tor) issued for external auditors.

By

Microcredit Regulatory Authority (MRA)

We have compliance with the scope of audit of Terms of Reference (Tor) issued for external auditors of Microfinance Institute by Micro credit Regulatory Authority (MRA). Our Comments on compliance of Tor are as follows:

A. REPORT IN SEQUENCE OF TOR:

As per Terms of Reference (Tor) of Micro Credit Regulatory Authority (MRA) we report as under:

The total number of branches of **People's Welfare Foundation** executing Micro Credit Program. In addition to the audit of consolidated accounts at **People's Welfare Foundation** Central office we have audited the accounts of 04 branch offices through spot visit. In order to ensure proper utilization of loan amount we visited some Samity / Group offices and asked some beneficiaries regarding utilization of loan. We have collected required documents from the remote branches for our verification.

Based on the findings and observations noted during the course of our audit our report is outlined below:

a) **To check whether the audit has complied with the International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) while maintaining accounting records and preparing financial statements, and report if any non-compliance was found.**

➤ Mostly complied with.

b) **To examine whether the audit has undertaken any activity, involved in transaction or provided services that is contrary to "Microcredit Regulatory Authority Act-2006." Or "Micro Credit Regulatory Authority Rule-2010." Further to examine whether any transaction that goes to the Act and Rule and Donors interest and against the interest of different donors, beneficiaries or the auditee itself.**

People's Welfare Foundation has been running its Micro-Credit activities to MRA ACT,2006 & MRA Rules 2010,except rule 34(3), [Ref :Notes to Financial Statements , 5.05 FDR Lien]

➤

c) **To examine whether closing balance of last year's audited financial statement was carried forward as opening balance in current year's accounts.**

➤ Complied with.

d) **To examine whether the auditee has maintained proper books for sector-wise receipt of funds and whether they properly comply with the rules and regulations as per accounting manual provided by the authority.**

➤ Most of the Required Books of Account are maintained by **People's Welfare Foundation** to record Micro Credit Fund i.e., Cash Book, General Ledger, Loan Ledger, Savings Register, Asset Register, Advance Register, Salary Register, Collection Register, etc. are maintained. Accounting Manual





- e) **To check whether the auditee has kept the records separately for the collected funds under various components of micro credit activities and submit separate reports on that basis.**
- During the year under audit (2022-2023) **People's Welfare Foundation** management has received Micro Credit Fund under the different components which are shown in Annexure A/9 of financial statements.
- f) **To examine whether the auditee has properly recorded and accounted for the receipt and disbursement of fund from different donor organizations and utilized them as per their principles/terms and conditions of the agreement with the donors.**
- Fund received from PKSF, Commercial Banks & other sources and disbursement thereof are properly recorded at books of account.
- g) **To examine whether the savings collected from the members are properly recoded in accounts and deposited into the bank, besides, whether collection and refund of savings has been done according to the principle and whether interest on savings are paid to members and also examine the rate of interest etc.**
- Savings collected from Group Members are properly recorded in the books and deposited into the Bank on the same day Exceptions are reported in the Management Letter of Micro finance program. However, late collections are deposited in the next banking day. Collection and refund of savings are made as per rules and guidelines of MRA. **People's Welfare Foundation** is usually paying interest on Savings @ 6.00% per annum and interest payable is duly accounted for.
- h) **To check whether the audited has maintained the formalities and properly complied with the provisions in the rules mentioned before disbursing loan among the beneficiaries.**
- We have verified some loan disbursements procedures on test basis and mostly found in order
- i) **To check whether the documents i.e., passbook, loan/savings collection schedule, and loan application form regarding loan write off, bad loan, have been preserved separately.**
- Our examination of records revealed that savings collected from group members were properly recorded and accounted for at Samity level as well as MFI level.
- j) **To examine whether microcredit organization properly comply with the rules & regulations relating to the constitutions particularly in respect of formation and meetings of General Body and Governing Body.**
- Mostly complied with.
- k) **To examine the physical existence of assets acquired out of surplus service charge and fund received from different sources for institutional development as loan or grants.**
- Mostly complied with.
 - Exception is mentioned in Management Letter.
- l) **To conduct a sample check for whether the loans were properly utilized by the beneficiary members.**





- l) **To conduct a sample check for whether the loans were properly utilized by the beneficiary members.**

Mostly complied with.

- m) **To check, whether all kinds of transactions were done through bank except collection of savings and disbursement of micro credit.**

➤ Complied with

- n) **To check, whether recovered loan and savings amount from members were duly deposited into bank on the same/earliest date.**

➤ Loan installments and savings collected are mostly deposited to the bank at the same day.

- o) **To check whether collected savings are properly recorded and accounted for at member's level and samity level.**

➤ Our examination of records revealed that savings collected from group members are properly recorded and accounted for at samity level as well as at MFI level.

- p) **To examine that the recovery of loan disbursed out of fund received from several sources are made as per Amortization Schedule and also to examine the effective rate of service charges on loan to the members and to mention the findings in the report.**

➤ Complied with

- q) **To examine whether loan loss provision has been computed and accounted for as per Microcredit Regulatory Authority Act, 2006 and Micro Credit Regulatory Authority Rules, 2010.**

➤ Loan loss provision has been accounted for as per MRA Circular no 75/ Date 22 June 2023.

- r) **To check the closing cash balance at the time of auditing by counting cash amount physically and issue certificate of balance. To check bank balance of year end by collecting certificate of bank balance and also check Bank Reconciliation Statements that have been prepared.**

As our appointment was postdate, we could not verify the cash on 30 June 2023, physically but we have performed unannounced physical cash counting during course of our audit at field level and found in order. Moreover, we have obtained cash counting certificate confirming the balance on end of the year.

We have reviewed some bank reconciliations statements prepared for related bank accounts at HO and the bank accounts at branch office we visited. Bank confirmations have been obtained from the banks for related bank account at HO and the 04 branch offices we have visited.

➤ The balances confirmed by the respective banks agreed with the bank statement balances (which have been reconciled to book balances).

- s) **To check whether the payments were made with proper approval authority of bills/ voucher, whether payment made as per approved price and to examine the "Budgetary Control System".**





- No exception was found.
- u) **To examine appropriateness of audit report and audited financial statement presented to different donor organizations, regulatory authority and other authorities.**
 - Complied with.
- v) **To examine whether there is a proper compliance with the provision of the Income Tax and Value Added Tax (VAT) authority rules implemented by the Government.**
 - Mostly Complied with.
 - Exception is mentioned in Management Letter.
- w) **To check whether all the policies i.e. the procurement policy, service policy, loan and savings policy etc. are in place and are properly followed by the auditee organization.**
 - **People's Welfare Foundation** has individual policy for procurement, Staff recruitment, Loan and savings policy those are properly followed.
- x) **To check whether there is an internal audit arrangement/division in the audited organization and whether internal audit is conducted regularly and comment thereon.**
 - MFI has internal audit division and is done regularly exceptions are reported to the Management.
- y) **To comment on whether the recommendations on previous year's audit on objections are properly taken care of or not.**
 - Status of previous year's audit recommendations are described in our management report.
- z) **To check cost sharing between of micro-credit and other program and comments therefore in the report.**
 - Cost sharing between micro- credit and other program was followed as per management decision.

To check whether transactions have taken place through bank for significant

- aa) **amounts.**
 - No exception was found.
 - ab) **To check audit fees are fixed on the basis of total loan portfolio and cost centers/ branches or not.**
 - Audit fees were fixed on lump-sum basis.
- 2. To examine and comment on the credit activities funded by different source and from own source, internal control system, loan classification, Loan provision principle and loan recovery rate and to comment in the audit report.**
- We have examined the above and comments on different part of our Audit Report, where applicable.
- 3. To comment on the utilization of money received under different contracts between donor/ financial institute and the micro credit organization.**





➤ We have examined the above and comments on different part of our Audit Report, where applicable.

3. To comment on the utilization of money received under different contracts between donor/ financial institute and the micro credit organization.

➤ The utilization of money received from different donor/financial institutions or was properly done.

4. To comment on the compliance of MR/Circular Letter NO. Regu. 24 regarding Prevention of Money Laundering and Terrorist activities.

To the best of our knowledge and information available to us to no such money laundering and terrorist activities identified by legal documents were found in our audit period (2022-2023).

- To the best of our knowledge and information available to us, provided by the organization for our verification on test basis. No such Money Laundering .
- On the basis of the above we are in opinion that **People's Welfare Foundation** is a viable organization to continue the micro credit program in the future.

Dated, Dhaka;

25 SEP 2023

Mohammad Anwarul Hoque FCA
Partner
Enrollment No.1458
S. K. Barua & Co.
Chartered Accountants

DVC 2309251458AS489174





S.K. BARUA & CO.
CHARTERED ACCOUNTANTS

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Date : 12 5 SEP 2023

To

The Members of Governing Body
People's Welfare Foundation

Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh.

Subject: Management letter relating to the Accounts audit of Micro Finance Program of
People's Welfare Foundation for the year ended 30 June 2023.

Dear Sir,

With reference to the appointment letter, we have completed the audit of the accounts of Microfinance Finance of "People's Welfare Foundation" for the year ended 30 June 2023. Our examination revealed that the books, records and management of funds and certain other functions/ activities set out in our report enclosed herewith would require further attention of the management.

To ensure accountability and transparency we have divided each issue in three parts as per the following contents of TOR.

- ❖ Observations
- ❖ Recommendation
- ❖ Management response

Our audit procedures are designed primarily to enable us to form an opinion on the accounts as a whole. Accordingly, we have carried out test and evaluations to the extent necessary to enable us to arrive at this opinion.

We take this opportunity of expressing our thanks to the management and staff of "People's Welfare Foundation" for the cooperation extended to us during the course of our audit.

Thanking you.

Yours faithfully,

Mohammad Anwarul Hoque FCA

Partner

Enrollment No.1458

S. K. Barua & Co.

Chartered Accountants

DVC : 2309251458A5489174





“Memorandum of Audit Finding”

❖ Scope of Audit

We have performed the audit of **“People’s Welfare Foundation”** according to “International Standards on Auditing (ISA)” and in terms and conditions of Micro Credit Regulatory Act and Rules. During the course we have checked some accounting records on test basis as were considered necessary for the purpose of audit under the circumstances. Further we confirm that we have exercised reasonable care and skill to locate the weaknesses but in no case, it is a guarantee that all the weaknesses have been discovered and disclosed in our reports.

❖ Financial Statements and Books of Account

The Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The organization is maintaining the books of account as per requirement of MRA and PKSf guideline. The organization has an accounting manual which is followed by accounts personnel. The organization are maintaining Cash Book, Ledger, Voucher, Members Admission Register, Subsidiary Ledger, Savings Register, Savings Refund Register, Salary Register, Fixed Assets Register, Loan Register, Collection Register and Loan Disbursement Register which are sufficient to maintain the accounts and records.

❖ Bank Reconciliation:

Bank reconciliation is practiced comparing organization’s records against the bank records. A monthly reconciliation helps to identify any unusual transactions that might be caused by fraud or accounting errors. In our verification we have noted that bank reconciliation statement has been drawn up every month properly.

Recommendation:

The current practice appears is in order and no change in the current system is required. The management may continue drawing up monthly or even forthrightly bank reconciliation statement in order to ascertain the balance lying with bank agrees with the balance shown in the books of accounts.

Management Response:

Management should continue bank reconciliation statements to draw up every month correctly.

❖ Internal Control System:

We have studied the existing internal control system of the organization and found that effective and adequate internal control system designed by the management of the organization and the existing system was followed except a few cases which were mentioned in our report.

❖ Internal Audit:

To control over the Micro Finance Program the organization has set up a separate Internal Audit department and the audit personnel are very efficient.





❖ **Income Tax Ordinance 108:**

As per section 108 of ITO-1984, every person responsible for making any payment constituting income classifiable under the head salaries shall, before first day of September each year furnish to the DCT, a statement including the following information:

- a) The name and address of every person to whom such payment has been made or was due, during the preceding financial year.
- b) The amount of payment so made, or due.
- c) The amount deducted as tax from such payment.
- d) Such other particulars as may be prescribed.

Recommendation: Management must provide salary statement under section 108 to avoid legal implications.

Management Response:

According to Income Tax Ordinance 108 of IT)-1984, it will be submitted to DCT by September.

❖ **Income Tax Ordinance 108 (A):**

As per section 108A of Income Tax Ordinance 1984, any person responsible for making any payment which is an income of the payee classifiable under the head salaries, shall, by the thirtieth day of April of each year, a statement furnishes to such income tax authority, mentioning the following information regarding the payee.

- a) The name, designation, and the TIN.
- b) Date of filing of the return of income.
- c) The serial number provided the income tax authority upon filing of the return.

Recommendation:

Management must file return of employees to avoid legal implications.

Management Response:

We have already taken the necessary initiatives to comply with the government rules & regulations to avoid penalties.

❖ **Investments**

As per PKSF guidelines, organization cannot invest more than 35% of its investment in one financial institution. But during the course of our audit, we observe that the organization has invested 39% of its investment in Midland Bank Ltd.

Recommendation: The organization should comply with the PKSF guidelines. The organization should invest in different banks to mitigate the investment risk.

Management Response:

A bank requires 39% FDR to get a loan for microfinance beneficiaries from a bank. The organization comply with the PKSF guidelines in future.





❖ **Staff Provident Fund Transfer**

The organization take loan from their Provident Fund for operating microcredit program. Microcredit paid 6% interest for it. But **People's Welfare Foundation** should invest their Staff Provident Fund more profitable sectors.

Recommendation: **People's Welfare Foundation** should invest more profitable sectors.

Management Response:

Employees are deducted 10% of their basic salary for PF and 10% for organizational contribution. The said 20% is used for micro-credit programs for which interest is paid at 6%. The Governing Body approves the matter. It is not a personal loan taken from an employee. If the organization's funds are sufficient, it will not be used for the microfinance program.

❖ **FDR Lien**

During the course of our audit, we observed that the organization has created funds against savings, statutory reserve and those funds have been invested in FDR. But the organization has BDT 2,574,194.29 FDR under lien against Bank loan. This amount is 58.52 % in total amount of FDR. As per MRA rules 34,(3), Microcredit organization cannot provide lien on FDR.

Recommendation: The organization should comply with the MRA regulations. The organization should invest FDR in different bank to mitigate the investment risk.

Management Response:

We have to take the loan against FDR for microfinance beneficiaries from the bank. The FDR lien amount will be reduced based on available funds.

❖ **Loan Operation Management**

Observation: During the financial year 2022-2023 "**People's Welfare Foundation**" has outstanding a sum of Tk**59,865,318/-** Total beneficiaries under the following components: -

SL. No.	Particulars	Amount in Taka
1	Jagoran	13,523,004
2	Agriculture	28,911,760
3.	Microenterprise	17,430,554
	Total	59,865,318

The overall systems of internal control in operation particularly in respect of loan operation management considered satisfactory.





❖ **Loan member requirement as per MRA rules:**

As per MRA rules minimum 70% of the Members of the organization have to be a loan member. **People's Welfare Foundation** has more than the MRA Rules. It's a very good achievement for this organization.

Number of Member	Number of Borrower	Percentage
2492	1833	73.55%

Recommendation:The organization should continue the practice.

Management Response:The practice of the organization will continue.

❖ **Software Policy:** During the course of our audit, we observe that the organization has no software policy. As a result, we could not verify the authority and access limit and control of accounting software over employees.

Recommendation: Management of the organization should create their own software policy.

Management Response:

We have already taken the necessary steps to update the software operational guidelines.

❖ **Commercial Loan :**

People's Welfare Foundation received a sum of taka **7,996,734/-** as commercial loan from Bank to run Micro Finance Program. Commercial Loan Details are as follows:

SL. No.	Particulars	Amount in Taka (Tk.)
1	Midland Bank Ltd.	3,123,617/-
2	Mercantile Bank Ltd.	873,117/-
3	Pubali Bank Ltd.	4,000,000/-
Total		7,996,734/-





❖ **Income Tax Provision :**

During the course of our audit, we observed that the **People's Welfare Foundation** has not made provision for Income Tax.

Recommendation: The organization should make provisions considering all taxable Income.

Management Response: In the future, Income Tax will make provisions for the organization.

❖ **Audit fee provision:** The organization has not any provision for audit fee during this year.

Recommendation: The organization should make provisions considering audit fee.

Management Response: In the future, audit fees will make provisions for the organization.

❖ **Withholding tax return:** The organization does not submit withholding tax return.

Recommendation: The organization should make submissions considering withholding tax return.

Management Response:

❖ **TDS and VDS:**

The organization does not provide VDS and TDS on Office rent, Office stationary, Repairing & Maintenance and general expense. Details are given below:

SL	Particular	Amount
1.	Office Rent	428,000
2.	Repairing and Maintenance	94,715
3.	General Expenses	17,490
4.	Office Stationery	51,892

Recommendation: The organization should pay TDS and VDS.

Management Response

We have already taken the necessary initiatives to comply with the government rules & regulations to avoid penalties for the above-mentioned expenses.

❖ **Over Cash:** **People's Welfare Foundation** all of the four branch has over cash in hand. Details are given below:

SL	Particulars	Amount
1.	Kaitra Branch	22,349





2.	Laksam Branch	34,674
3.	Bagmara Branch	56,987
4.	Kashinager Branch	42,471

Recommendation:The organization should maintain their policy properly.

Management Response:Management should ensure that the policies and procedures regarding cash are strictly followed to avoid any risks.

❖ **Samity's Member attendance:** During our sanity visit we noticed less than half of the members are not present. Details are as follows: -

Samity Name	Actual Member	Present Member	Present in percentage
KomardogaMohila Samity-1	32	12	32.5%

Recommendation:The organization should be careful about this matter.

Management Response:COVID-19 has reduced member attendance at weekly meetings. We are trying to increase the attendance of members. We hope that the attendance of members will gradually increase.

❖ **Budget Variance:**

The following heads are over on Budget and have not get approval for excess expenditure

S/L	Expenses	Budget amount	Actual Expenses	Difference in percentages (%)
1.	Interest on Others institutional Loan	122,222	380,805	211.57
2.	Entertainment	50,000	145,430	190.86
3.	Legal Expense	24,000	51,796	115.82
4.	Rebate	51,500	223,704	334.38

Recommendation: Management should take necessary steps to improve internal control and follow the approved budget.

Management Response:In the Future, Management should take necessary steps to internal control and follow the approved budget.

