

**BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
MANAGEMENT LETTER FOR THE PERIOD FROM 1 January 2018 TO
31 December 2018**



BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)

Date: 21 May 2019

Dear Sirs

BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
AUDIT FOR THE PERIOD FROM 1 January 2018 TO 31 December 2018

We have examined the financial statements (“the statement”) of the Organization of **BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)** (“the Organization”) for the period from 1 January 2018 to 31 December 2018. We set out in the attached report certain matters which came to our attention during the course of our audit and which we feel should be formerly drawn to your attention.

It should be appreciated that the matters dealt with in this report came to our attention during the conduct of our normal audit procedures which are designed primarily to enable us to express an opinion on the Organization’ statement. Our comments cannot therefore be expected to identify all possible improvement in internal control which a more extensive examination might develop. This report details the more significant items which came to our attention during the current audit.

We have prepared this report solely for the use of the Organization’s management. As you know, this report forms part of the continuing dialogue between the management and us, and therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason, we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy without our prior written consent, we would not accept any responsibility for any reliance that they might place on it.

We would appreciate your response and comments enclosed in the attached report

Finally, we would like to acknowledge the assistance and co-operation extended to us by your staffs during the course of the audit.

Yours faithfully

Priscilla Palad

Priscilla Palad

Audit Partner

V Chartered Accountants Co., Ltd.

Encl

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1. CASH

2. EXPENDITURES

1. CASH

Finding

As at 31 December 2018, there was a large balance of cash on hand held at the office for social enterprise. From your understanding, there is policy on limiting the amount of cash on hand held at the office amounting to US\$200.

	In US \$
Handmade gift	500
Metta Garage	620
Smile Restaurant	2,666

Implication

When the Organization holds a large amount of cash on hand, there is an increased risk of misappropriation or fraud.

Recommendation

The Management should follow the accounting policy on the threshold for cash on hand in the policy. Having cash at the bank is more secure, and the Organization could earn the interest.

Management's response

Yes, we agree with your finding and of course BSDA policy have stated "Cash on hand/Petty cash is to be used for disbursement lower than 200USD per payment". However, social enterprise which part of BSDA project and a generate income for sustainability to BSDA project. On the other hand, \$200.00 could not be enough for daily operation at smile restaurant social business. We will conduct memorandum to verify that social enterprise is a generate income project and the cash on hand should be more than \$200 in order to support daily operation of Smile Restaurants.

2. Supplier invoices using BSDA's logo

Finding

During the course of inspection of expenses, we have noticed some supporting documents were issued and prepared on BSDA's logo and not providing the supplier's invoices.

Implication

The transactions can not be validated whether they exist due to the use of the BSDA logo in lieu of the original documents.

Recommendation

We recommend that management should find supplier that has original document with complete information such as name of the person and phone number for evidence.

Management response

BSDA staff will commit and improve to use the invoice from supplier. However, if in case the supplier do not have original invoice we will use our internal invoice or receipt voucher for those supporting document. Operation Unit improves utilizing this under your recommendation.