Minutes of the 91st Board of Trustee Meeting of Coastal Association for Social Transformation Trust held on October 8, 2016 at COAST Principal Office, House-13, Road-2, Shyamoli, Dhaka.

Member participated:
1. Begum Shamsun Nahar, Chairperson
2. Minar Monsur, Vice-Chairperson
3. M. Zahirul Alam FCA, Treasurer
4. Dr. Tofail Ahmed, Member
5. Rezaul Karim Chowdhury, Secretary (Executive Director, COAST)

Agenda transacted:
1. Review of the last 89th and 90th BoT meeting minutes
   a. The secretary informed the present status of SF observations. He said that there were total 3 malpractices and 10 recommendations from SF part for SEEDS project, Cox’s Bazar. Accordingly we have given our management responses and actions for their further review. Later on Mr. Tore Martin (Finance Controller, SF Head Office, Norway) and SF Dhaka office team had visited our central finance section as on June 28, 2016 to assess the position of COAST on SF team findings and thereby actions. Mr. Tore Martinand Mr. Nimal Martinus (Regional Director, SF Asia) also met with our Board of Trustee members at SF office as on June 30, 2016. The secretary informed that the situation has been improved and SF has accepted our management response and actions matrix. As its consequence SF has sent us the draft agreement for the year 2016 for our review and final signature and they are in a process to release our remaining fund which was block due to their audit findings.
   b. The secretary informed that the internal audit section and the central finance section of COAST have been strengthened their monitoring and audit system especially for donor funded projects. The internal audit has been running as per plan. The observations are discussed into the meeting earnestly and would conduct audit hearing at Principal Office if there will happen any major irregularities.
   c. The Director has presented the Plans and Budget for the year 2016-17 in the meeting and the board has approved it. The board also instructed to send the budget and financial plan at each office for their operation.
   e. The Deputy Director-FC&CA has presented the Terms of Reference (ToR) of external auditor for the FY2015-16 to the board. The board has approved to give appointment letter in favor of S.F.Ahmed& Co. as an external auditor for the year 2015-16 and consolidated audit fee will be Tk.1,40,000/-. The board also instructed to maintain the MRA compliances and also the date line as per ToR.
   f. Mobile Banking: Among the two mobile banking operators, IFIC is one who is in fact inactive at present due to fail to reach agreement with mobile operator “Robi” at Cox’s Bazar area. Another one is “Sure Cash” also has the same experiences, because they have transferred their staff from Bhola. Nevertheless COAST is able to open 2800 new customer accounts and have income 90,000 as commission up to the date.

Rezaul Karim Chowdhury
Executive Director
COAST Trust

Begum Shamsun Nahar
Chairperson-Board of Trustee
COAST Trust
g. Fund transfer without proper process: This trend is reducing in case of internal fund transferring among the branches. Core operation follows up strictly and takes disciplinary actions observing any deviation.

2. External Audit Report FY2015-16 presentation
DD-FC & CA has presented the observations of organizational annual audit done by SF Ahmed & Co. The major observations are found in the heads like: i. depreciation on building ii. Excess budget expenditure (121% and more than that in some cases) iii. Fixed asset ratio is higher and iv. Cash holding limit at branch offices etc. The meeting has advised to review the response and take comments of the Treasurer-BoT before submission to the auditor.

3. Internal audit report review (MF and Donor projects)
A. MF Program:
Internal audit section has presented the summary of audit findings on last quarter (June-Aug’2016). There 12 branches are audited and following major observations are critical based on the findings and related discussion;

i. Financial Misappropriation: Misappropriation trend shows the reducing level in latest audit. The amount of misappropriated money is tk. 46,327/- comparing with previous amount of tk. 5,52,032/-. 40% staffs are engaged with this misappropriation and tk. 24,420/- has been realized. Rest of amount is under process of realization.

Chair of the meeting also suggested for making details regarding left staffs, those have record of misappropriation and has left the organization without following proper process.

ii. Syndicate loan: Latest audit observation reflects the number of syndicate loan in 7 branches out of 12 audited. There are 19 member have captured 57 no. of loans. Present outstanding of these loans are as tk. 12, 37,615/-. Chair of the meeting has expressed his concern and advised to place the detail information and action plan on syndicate loan in the meeting.

iii. Transaction from daily collection still in practice. Major no of branches (09 branches found in latest audit 03-16 days) are found with this irregularities. This is a violation of PKSF rules and even impinging our internal monitoring and control system. RPCs daily monitoring seems very weak in this case; proper assessment needed why they are doing this and need to follow up with proper strategy.

Apart from the above observations, the audited branches are also in practice of fund transferring without taking any formal approval. Loan disbursement has been doing by violating rules & process and also holding over cash without approval of respective RPCs. These are common phenomenon and similarly critical for monitoring and financial discipline.

B. Donor projects:
During the last quartet, Internal Audit section has audited two donor projects of SGSP and ECOFISH. The major observations are found on VAT & Tax deduction process and was solved instantly.

4. Micro finance trend analysis
The Director, COAST has presented the micro finance trend for the period of Jan’16 to Aug’16 as per following.
- End of Aug’16 the active group member balance has been increased of 4672nos than Jan ‘16 (5%). At the end of Aug’16, the borrower percentage against member is 76% which was 78% as on Jan’16. The board said that as the bank loan is gradually increasing, so it should be given emphasis to increase the percentage of borrower against member.

- End of Aug’16, net savings balance has been increased taka 6.94 crore i.e. 2.17% increased than Jan’16. The savings and loan outstanding ratio was 38% at the end of Aug’16 where it was 37% at the end of Jan’16. Board has expressed their deep concern on saving mobilization since it is still poor against outstanding.

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5. Donor project information matrix
The Director has presented a matrix on the latest scenario of ongoing projects and their progress in to the meeting. At present the number of projects is 12 nos and total fund is taka 34.06 crore. Till the date, the projects have received the amount of taka 21.44 crore and the fund utilization rate is 63%. Meeting also advised to give physical progress briefly (if possible) along with financial update.

6. Bad debt mobilization (MF and CREP)
The Director has presented the latest performance and progress on bad debt mobilization and shown that there is 43% achievement against the target on bad debt collection during last three years. CREP overdue also realized 67% against the target during April’16-Aug’16 through the same mobilization.

7. Legal procedure status (Case update):
There are 38 no of cases ongoing following the latest information on Aug’2016. However, COAST has able to realize the amount taka 9.42 lac in against of spending taka 5.69 lac up to the date.

8. Revision of Abroad Travel Policy:
The Secretary informed that the existing abroad travel policy was approved on 20th August, 2013 and needs to be its further revision. Accordingly he has briefed the proposed policy and also shown the comparison of other organization with it. The board has reviewed the policy carefully and has advised to do some amendments and to share it with the draft policy with the Chairperson before submitting it in next BoT meeting.

9. Money laundering compliances of MRA:
The Director has informed the board that COAST has been following the Money Laundering Act-2015 (amendment) properly. It is mandatory to discuss about the financing of money laundering, terrorist financing, smuggling and illegal drug issues in each group meeting as well as staff meeting. From July’16 to September’16, total loan disbursement was made Taka 53.83 crore, Loan outstanding Taka 125.10 crore, Savings balance Taka 47.42 crore, Member balance 1,04,360 nos and Borrower balance was 80,0161 nos. Member’s detail information as per AML circular-27 by Bangladesh Bank has been keeping properly. The respective borrowers have been utilizing the loan properly i.e. at right scheme. The savings fund of borrower also been utilizing properly at MF program and as FDR.

The director also mentioned that the donor projects also been maintaining properly. From internal audit section and also from central finance section, the audit and financial monitoring has been doing as per plan. No any suspicious and irregular/abnormal transactions has been made within the organization.

10. AoB:
   i) The secretary informed that Dr. Abbas Bhuiya (Ex-Chairperson, BoT, COAST) has recently retired from icddr,b as Deputy Executive Director and he is interested to join again as a trustee with BoT, COAST. The secretary also proposed the name of Ms Mahbuba Nasrin (Dhaka University) as a new trustee for BoT. The board gladly accepted the proposal of Dr. Abbas Bhuiya and given instruction to communicate with him to attend into the next BoT meeting. Apart from this, the BoT also instructed to
take more information about Ms Nasrin and some other new names to be included in to the BoT in future.

ii) The secretary has proposed to increase the sitting allowance of trustees from Tk.2,000/- to Tk.3,000/- and this allowance has been carrying on since June 2012. The board has accepted the proposal and approved to execute from next BoT meeting.

(iii) The board has instructed to present the land and building report in next BoT meeting and also given consent to purchase land at Moheshkhali in Cox’s Bazar district.

Having no other discussion, the Chairperson has concluded the meeting with vote of thanks.

Prepared by
Rezaul Karim Chowdhury
Secretary-BoT, COAST Trust

Approved by
Chairperson-BoT
COAST Trust

October 10, 2016

Rezaul Karim Chowdhury
Executive Director
COAST Trust

Begum Shamsun Nahar
Chairperson-Board of Trustee
COAST Trust