

COAST Trust

Minutes of the 16th Pre-BoT Audit & Finance Committee meeting held on 23 Dec' 2017 at COAST Principal Office, Dhaka.

A. Member Participated

1. M. Zahirul Alam FCA, Treasurer, BoT (as BoT member participant)
2. Dr. Tofael Ahmed, Member, BoT (as BoT member participant)
3. Rezaul Karim Chowdhury, Executive Director (as staff participant)
4. Sanat K. Bhowmik, Director (as staff participant)
5. Aminul Hoque, Deputy Director- ME & IA (as staff participant)
6. Ahsanul Karim Babor, Deputy Director-FC &CA (as staff participant) and
7. Tarik Sayed Harun, Asst. Director- Core Program (as staff participant)

B. Agenda Transacted

1. Review of the last (15th) Audit Committee meeting minutes
2. Report from internal audit sections (MF program and Projects)
3. Micro finance and financial trend analysis
4. Project Information and progress
5. Report on bad debt mobilization
6. Report on legal action and procedures
7. Any other Business (AoB)

The meeting has been presided by the Treasurer-BoT, COAST Trust and the major discussion and decisions of the meeting are as follows;

1. Review of the last meeting minutes:

Deputy Director (ME & IA) has reviewed the minutes and on its updated progress of 15th BoT audit committee meeting and the following decisions have been taken for further actions;

- a. **Agent Banking:** Agreement made with Midland Bank and already under trial one branch at Laxmipur district. Agent banking is equipped with all sort of banking facilities where customers will be able to deposit and withdrawal facilities.
- b. **Follow up top-10 branches based on the outstanding:** Due to staff shortage in finance section hampered the planned action in latest quarter of Sep-December.

2. Report from internal audit sections (MF program)

Internal audit section has presented the summary of audit findings on last quarter (Nov-Dec'17). There 17 branches are audited and following major observations are critical based on the findings and related discussion;

- i. **Financial Misappropriation:** Misappropriation **observe decreased in latest audit**. The amount of misappropriated money is **tk. 51,479/-**. Tk. 40,629 /- is realized instantly and rest of the amount (Tk. 10,850/-) is under process of realization.
- ii. **Syndicate loan** Latest audit observation reflects the number of syndicate loans in 13 branches out of 17 audited. There are **50 member have captured 157 no of loans**. **Present outstanding of these loans are as tk. 31.93 lac and overdue is tk. 3.34 lac (10.5% of outstanding loan) which is increasing trend**. This scenario looks high trend and chair of the meeting has expressed his concern in the meeting.

Apart from the above observations, audited branches are also in practice of management irregularities in daily transaction like fund transfer without taking any formal approval, loan disbursement violating rules

& process and savings withdrawal and administrative expenses. These are common phenomena and similarly critical for monitoring and financial discipline.

- iii. Treasurer and Executive Director also suggested to keep in watch of some banks [those are in operational and internal management crisis] there we have FDR. If feel concern must action for withdrawal money from these banks immediately for safety measure.
 - iv. Audit observation on donor projects: During the quarter, internal audit done on Rohingya Relief projects by COAST Internal Audit section and also from donor part. The major observations are VAT and Tax calculation those are solved instantly and all VAT and Tax deposited in govt. Treasury.
- 3. MF Trend analysis:** Asst. Director has presented the latest (Jan-Nov'17) performance of MF where it's viewed the following;
- i. COAST **micro finance program has reached its portfolio outstanding as BDT 172.55 corer in Nov' 2017.** Simultaneously, the portfolio is also running with increasing trend on its member (1.08 lac.), savings accumulation (59.07 cr.) and net surplus generation (9.86 cr.) during the year.
 - ii. **Overdue seen as increasing trend** (net overdue is stand as 6.73 crore in reported month Nov'17) which reflecting 5.1% as PAR. Vertical growth of disbursement and portfolio has minimized this option of current OD trend.
 - iii. **Accumulated Surplus:** The accumulated surplus (9.86 scorer during the period) has created the capital balance as 25.26 crore in July'17. Net surplus is also observing as decreasing trend with a figure around tk. less than 1.00 crore in every month since Aug'17.
 - iv. **Funding Composition:** COAST has received tk. 59.0 crore from 07 financial institutions/banks and paid up tk. 21.79 crore as on the date. Outstanding balance is stand as tk. 37.21 crore. Banks are contributing 20% of total MF portfolio. Apart the portfolio also running with support of member's savings fund (31%), PKSF/SF fund (23%), own capital fund (15%) and different staff welfare fund (3%).
- 4. Project Information Matrix:** The Director has presented a matrix on the latest scenario of ongoing project and their progress in to the meeting. Total projects are 18 in number on December 2017. The estimated budget for these projects were taka 324.00 million. Till the date, the projects have received the amount of tk. 185.46 million and the fund utilization rate is 84%.

The meeting suggested to check whether the Rohingya refugee is included in current development projects in Cox's Bazar areas. They also suggested following issues in implementing the projects;

- i. Produce report on relief projects reaching beneficiaries.
- ii. Divide or segregate the projects based on development theme considering the contribution nationally and empirical learning and experience for the organization.

5. Bad-debt Mobilization:

The Director has presented the latest performance and progress on write-off and bad debt mobilization and shown that Tk. 176.72 crore is collected (37%) against the target during last year's. An amount of tk. 14.23 lac has spent against this bad-debt collection.

The meeting also decision to give financial benefit for ODM tk. 200/staff. Apart that one ODM staff also deployed in the field who will coordinate support the process as well.

- 6. Legal procedures status (Case update):** There are 42 no of cases ongoing following the latest information on Nov'2017. However, COAST has able to realize the amount tk. 11.80 lac in against of spending tk. 5.75 lac up to the date.
- 7. AoB:** There were no agenda for discussion in AoB. Chair of the meeting has concluded with thanks to all participants and closed the discussion.

Prepared by

Approved by

Aminul Hoque
Secretary of the meeting
COAST Trust

Dated: 16 September' 2017

M. Zahirul Alam FCA
Treasurer- BoT
COAST Trust