

**Minutes of the 96<sup>th</sup> Board of Trustee Meeting of Coastal Association for Social Transformation Trust held on 29<sup>th</sup> December, 2017 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. Abbas U Bhuiya, Member
5. Rezaul Karim Chowdhury, Ex-officio Secretary (Executive Director, COAST)

**Agenda transacted:**

1. Review of the last 95<sup>th</sup> BoT Meeting
2. Review of internal audit section report
3. Micro finance and financial trend analysis
4. Procurement Policy for Emergency Response
5. Communication Policy
6. Complaint response Mechanism
7. Gender development report
8. HR Development status
9. Legal Procedures status (Case update)
10. Bad debt mobilization
11. Project Information matrix
12. COAST Rohingya Emergency Support update
13. Money laundering compliances of MRA
14. Any other Business (AoB)

The meeting has been started with the welcome address from the Chairperson. The decisions and major discussions of the meeting are as follows.

**1. Review of the last 94<sup>th</sup> BoT meeting minutes:**

- 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 it is hampered the planned action in latest quarter of Sep-December.
- c. **Reporting on Syndicate Loans:** In next BoT meeting the AD-CP will present the progress and performance on the realization of syndicate loans which was identified by COAST internal audit section.
- d. **Joint Stock co. Registration :** The Executive Director has briefed the Joint Stock registration process to the board. The board had approved to register with joint stock company in order to form General and Executive Committees as a part of MRA compliance. It is also needed to sort out how other organizations are managing their programs apart from microfinance like BRAC and others. The board also instructed to consult and review the new deed and its process with an experienced and expert lawyer and if needed then special BoT meeting can be arranged for its further review and its progress.
- f. **Overdue situation:** The board has expressed their deep concern for increasing the overdue which will negatively affect the program discipline, income, liquidity management and also the loan repayment. The board has suggested to give special support to improve the situation and strengthening monitoring and support supervision in there.

## 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 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. Total 50 members 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) and the trend is increasing. 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 suggested to keep in watch of some banks [those are in operational and internal management crisis] there we have FDR. It is concern to encash the FDRs 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 (1.08lac.), 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 corer 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 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. Procurement Policy for Emergency Response:

The Executive Director has briefed the emergency procurement policy of which objectives are, (i) To purchase food, medicine and other necessary materials for disaster affected area and families and (ii) To deliver food and non-food items to the disaster affected people and families in a short period as well as the timeline given by donor(s). The board gone through the policy intensely and approved it for execution.

## 5. Communication Policy :

The Director placed the communication policy in the board and he briefed the policy. The major features of the policy are open and cross communication but line decision. The complaint or any communication point will be the immediate supervisor. If the immediate supervisor will fail to solve then that will be placed to upper levels. The board approved the policy and requested the Director to orient the staff and to send to all the development partners.

## **6. Complaint Response Mechanism policy review :**

The Director also presented the revised complaint response mechanism policy and its change matrix comparing with previous policy. The board has gone through the policy and approved it and also instructed to take necessary actions for its orientation and distribution at all level.

## **7. Gender development :**

### **Gender :**

The AD-HRG& Training has presented the gender development activities like meeting, discussion issues, action points etc. to the board. The board appreciated the initiatives and suggested to

- (i) present the specific report, result oriented and numeric figure in respect of gender actions including case study.
- (ii) follow the Govt. rules in respect of punitive measures,
- (iii) to keep attention whether the members are being dominated or exploited during loan receive
- (iv) prepare a report on reporting flow chart and actions (what, to whom and how?)
- (v) actions should be done through committee
- (vi) to present a change matrix on revised gender policy in next BoT.

## **8. HR development status :**

The AD-HRG & Training also presented the human resource status of COAST. She mentioned that at present COAST total staff is 1151 including MF and donor projects. As a part of disciplinary actions, warning letter was issued to 19 staff and Salary deduction to 18 staff for money misappropriation, miss-posting, irregularities of loan disbursement, policy violation and irresponsibility during Oct-Nov'17. During this period 245 staffs were joined and male/female ratio was 55 : 45.

## **7. 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 lakh in against of spending tk. 5.75 lakh up to the date.

## **8. Bad-debt Mobilization:**

The Director has presented the latest performance and progress on write-off and bad debt mobilization and shown that Tk. 1.77 crore is collected (37%) against the target during last year's. An amount of tk. 14.23 lakh has spent against this bad-debt collection for refreshment to staff. The meeting also decided to give financial benefit for ODM Tk.200/staff. Apart from this, one ODM staff will also be deployed in the field who will coordinate support the process as well.

## **9. 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 also 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;

## **11. Money laundering compliances of MRA:**

The Director has informed the board that COAST has been following the Money Laundering Act-2015 (amendment) properly. The issue regarding money laundering, terrorist financing, smuggling and illegal drug issues have been discussion in each group meeting as well as staff meeting. From Jan'17 to Nov'17, total loan disbursement was made Tk.300.30 crore and Savings balance end of Nov'17 is Tk.59.06 crore and the group members have invested their loan at right schemes. No any illegal financing has been reported

for money laundering, terrorist financing, smuggling and illegal drug purpose. The savings fund of borrower also been utilizing properly in MF program and also as FDR.

The Director also mentioned that the donor projects are also being maintained properly. From internal audit section and also from central finance section, the audit and financial monitoring have been doing as per plan. No any suspicious and irregular/abnormal transactions have not been made within the organization.

The Director also informed that it is mandatory to discuss the issues at every group meeting and staff meetings, so that the members are aware on money laundering, terrorist financing and other illegal engagements.

**12. AoB:**

The meeting has approved the following dated for the board meeting for the year 2018.

- i. Special BoT meeting: 27th January, 2018 (for Joint Stock reg.)
- ii. BoT Audit & Finance meeting : (i) 16-March, (ii) 15-June, (iv) 14-September and 1(v) 4-Dec, 2018.
- iii. BoT General meeting : (i) 23-March, (ii) 22-June, (iv) 21-September and 1(v) 21-Dec, 2018.

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

Prepared by

Approved by

Rezaul Karim Chowdhury  
Executive Director and  
Ex-Officio secretary-BoT, COAST

31-December, 2017

Begum ShamsunNahar  
Chairperson-BoT  
COAST Trust