

# **Welcome to COAST Trust**

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# Governance (Board of Trustee- BoT)

- At least 04 meetings in a year.
- No relatives (blood connection) of Executive Director (COAST Trust) and the Trustee members will be exist in to the Board of Trustees.
- The BoT reviews the internal and external audit reports and its actions.
- The BoT reviews the financial trend analysis, donor projects fund management, bad debts, legal issues, bank account information, fixed assets (land and building).
- The BoT select and appoint external auditors and sign the COAST consolidated audit report.
- COAST mother bank account (SND-37) operates with the joint signature of the Treasurer or a Member of BoT and the Executive Director-COAST.
- The BoT ensures the fund transfer from mother account to respective donor projects bank account located at COAST working areas



# Reporting Flow Chart

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Please see MS Word Doc -----



# Internal Control & Process

- Internal controls helps to handle everyday risks of mistakes, confusion or fraud. It also protect staff from any pressure to misuse funds and from the suspicion of wrong-doing. The internal control system places emphasis on risks and key controls to ensure that policies and procedures are followed, and to inspire confidence in the organisation.
- **Internal Control Process :**

Internal control consists of five interrelated components as follows:

- Control or operating environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring



# Types of internal Controls

- COAST Finance manual is an example of an internal control. It is designed to provide general minimum standard guidance to COAST in relation to finance and accounting issues. COAST make sure that policies and procedures are available to staff, where applicable, either in hard copy or soft copy , such as :
  - HR Manual
  - Operations Manual
  - Financial Manual
  - Internal Audit manual
  - Child Protection Policy
  - Gender Policy
  - Anti corruption policy
  - Risk assessment and management policy.
  - Information disclosure policy
  - Complain response mechanism policy.



# Internal Control System

- Budget preparation in details.
- Monthly budget variance
- Annual Plan of Operation
- Bi-monthly PPM
- Bi-monthly accounts coordination meeting
- Internal audit directly reportable to ED
- Half yearly financial monitoring
- Quality control of donor reporting
- Approval authority to focal/RTL for approving travel and other vouchers
- Quarterly report and discussion in BoT Audit & Finance meeting.



# Segregation of Duties

- Segregation of duties is critical to effective internal control. It reduces the risk of both erroneous and inappropriate actions.
- In case of COAST the approval function, the accounting and reconciliation function, and the asset custody function is separated among employees. These functions require at least two sets of eyes. A detailed supervisory review of related activities is maintained.

## **No one person should:**

- - Initiate the transaction
- - Approve the transaction
- - Record the transaction
- - Reconcile balances
- - Handle assets
- - Review reports



# Safeguard and Maintenance of Assets

## 1. Fixed Assets:

- Safeguard and maintenance of **fixed assets** is essential for the sustainability of operations. COAST maintain the following internal control procedures in this area:
  - Fixed assets register maintained at all offices.
  - Fixed assets report sent by all offices on quarterly basis to central Estate department.
  - Fixed assets inventory conduct of half yearly basis.
  - Prior concern takes from Estate department in terms of assets purchase and auction/sale.
  - If nay assets gone damage or lost then it is noticed to Estate department either written or email.
  - Asset ID no is must at each assets.
  - Agreement is must with the users for using laptop, camera, mobile phone and any other assets.
  - Insurance coverage specially motorcycle and vehicles.



# Continuation .....

## 2. Bank and petty cash management

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Cash and bank is an asset that requires particularly strong internal controls for its safeguard. Cash is the most liquid of all assets and the risks are great.

- Bank account operates with a joint signature of two signatories.
- Monthly bank statements and its reconciliation.
- Maintains separate bank account for donors and operations.
- Agreement with bank signatories.
- To maintain CQ registers for each transactions.
- COAST mother account operated by ED and Treasurer-BoT.
- Keeping cash in hand as per approved limit.
- Daily basis cash book closing (if transaction made) and ensuring respective signature in there.
- Volt register/money denomination sheet is maintained for cash closing.
- No financial person including head of finance will not be any signatory.
- Monthly bank reconciliation
- **3. Stock : Periodic stock counts and that regularly maintained.**



# Financial Reporting

1. Financial reports provide a summary of income and expenditure. It allows to monitor financial position.
2. The Monthly financial report is prepared in accordance with stipulated Format or as per donor recommendation. It is on monthly/quarterly/six monthly/ yearly.
3. Financial reports are generated directly by an automated system : --- Tally
4. The annual audit report consists of:
  - Balance sheet (Assets, Liabilities, Capital fund, Receivables, Payables, etc.)
  - Income statement (Revenue income and expense and surplus/deficit)
  - Fixed assets and stock report
  - Cash flow
  - Notes to the account.
  - Detail bank account report with copies of the bank statements attached to the accounting report with bank reconciliation statements.
5. **For NGOAB** : (i) FD-4 certificate, (ii) Annex-A/1, (iii) Notes to FD-4. Report based on ToR



# Financial Information System

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- Separate annual budget for every office/ sectors/ projects/ programs.
- Month wise budget variance report produced.
- Reason of excess expenditure is written clearly.
- Excess budget approval taken from concern person (ED or Director).
- Fund requisition has to be given in due time.



# Procurement Procedures

- Necessary requisition and budget approval.

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- Committee formation for procurement (Consisting of at least three members).
- Quotation collection (Spot quotation, paper advertisement, etc)
- Preparing comparative statement of vendors and finally given work order.
- Challan, Bill/Invoice and NoC has to be ensured.
- Entry made in Stock or Assets register.
- Payment sheet prepare and payment made through Account Payee CQ to vendor. Necessary VAT and Tax is deducted from final payment.
- Auction or sales of any damaged assets must be conduct though an approved committee.



# Donor Projects

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# Challenges

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- ◉ Appropriate human resource in accounts
- ◉ Stability of Human Resources
- ◉ Digitalization
- ◉ Squeezing budget of management cost.



# How we are managing?

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- Continuous meeting and workshop.
- Continuous training (In-house and one to one) by organization and donors.
- On sight and off sight monitoring



## Next course of actions

- HR and Finance policy will be reviewed and if needed then will be revised by Dec'17.
- Strengthening monitoring system
  - Bi-monthly from central Finance
  - Quarterly monitoring by Internal Audit section.
- Refreshers training on Accounts management and donor compliances.
- COAST policies (HR, Finance and Purchase) will be given orientation to staff.
- Engagement of 3rd person checking before made any payment related to procurement.
- Take pre-approval from donor for any new/innovative activities for expense.





THANK YOU

[www.coastbd.net](http://www.coastbd.net)