

Minutes of the 93rd Board of Trustee Meeting of Coastal Association for Social Transformation Trust held on April 22, 2017 at COAST Principal Office, House-13, Road-2, Shyamoli, Dhaka.

Member participated:

1. Begum ShamsunNahar, Chairperson
2. MinarMonsur, Vice-Chairperson
3. Dr. Abbas U Bhuiya, Member
4. Dr. Tofail Ahmed, Member
5. Rezaul Karim Chowdhury, Secretary (Executive Director, COAST)

Agenda transacted:

1. Review of the last 92nd BoT Meeting
2. Review of internal audit section report
3. HR Policy review 2017 and change matrix
4. Finance manual review 2017 and change matrix
5. Micro finance trend analysis
6. Project information matrix
7. Bad debt mobilization report
8. Legal Procedures status (Case update)
9. Statutory Fund status
10. Money laundering compliances of MRA
11. 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 92nd BoT meeting minutes

- a. **Agent Banking:** COAST has renewed its focus on agent banking system instead of mobile banking as the mobile banking is not able to reach to the client of micro finance facing potential barriers like high cost of transaction and other infrastructure deficiencies. At present Midland Bank has agreed to work with COAST introducing agent banking and negotiation is ongoing with Bank Asia for this purpose. COAST also started negotiation with DBBL mobile banking [Rocket mobile banking] service as this has introduce new package for MF clients which assumed low cost. Dr. Tofail Ahmed said that COAST should go with those banks who has branches at filed/grass root level, so that COAST as well as client can get quick service for the program.
- b. BoT has expressed their concern regarding the security of MF software (MIS & FIS back-up). AD-CO will communicate with concern software company in this regard. BoT has suggested to make advocacy with PKSf and other donor and banks so that they can bear the loss or make loan re-schedule during disaster when loan recovery usually stopped.
- c. Director has re-briefed the revised salary structure and its different analysis on its effect on budget and income. The board has reviewed the proposal gravely and finally approved it. They also suggested to ensure the approved salary structure at all level.
- d. **Follow up top-10 branches based on the outstanding:** Chokoria and Lalmohon branches will be divided into two separate official branches as because of its outstanding has crossed more than 5.00 corers each. **The meeting has advised to put extra follow up in view of financial security measures** and advised to DD-FC&CA developing format selecting specific monitoring indicator for security checking of top-10 outstanding branch and will submit formal report for BoT meetings.

- e. **Overdue situation:** The board has expressed their concern for increasing overdue at Cox's Bazar area comparing to other areas. The board also suggested to give emphasis on arresting overdue and strengthening monitoring and support supervision in there. If needed legal action can taken in this regard.

2. Report from internal audit sections (MF program)

Internal audit section has presented the summary of audit findings on last quarter (Dec'16-March'17). There 29 branches are audited and following major observations are critical based on the findings and related discussion;

- i. **Financial Misappropriation:** Misappropriation **observe increased in latest audit**. The amount of misappropriated money is **tk. 9, 21,236/-**. The major portion of misappropriation happened in two branch (Eidgah-6,13,292/- and Vatiary-1,54,472/-). **126 staff (66%) staff found engaged with these incidents though amount is small in case of others**. Following the scenario, senior management have expressed their worried and concerned for lack of appropriate legal action in some cases (e.g. Mahabub Alam, BM-Halisahar). **Meeting also advised to take following actions** in view of future improvement of MF management;
 - i. Audit summary must be produced instantly after audit and will be discussed among Core-Op group. Also audit hearing will be complete within week those are engaged with irregularities.
 - ii. AM/RPC will come in audit hearing if OD (Overdue) increase or any management fault.
 - iii. Study on Eidgah and Vatiary financial irregularities [Committee members are DD-ME&IA]
 - iv. Study on migration issues in Halisahar branch [by DD-ME &IA]
 - v. Study on syndicate loans where reported [Director]

Meeting **suggested** to filing case against **BM-Mahabub Alam** and suspended equal amount of PF/gratuity of Md. Farid (H-CoP) and respective AM who are responsible to follow up dealing the issues.

- ii. **Syndicate loan** Latest audit observation reflects the number of syndicate loans in 21 branches out of 29 audited. There are **70 member** have captured 362no of loans. Present outstanding of these loans are as **Tk.64,18,566/-** and overdue is **Tk.14,62,718/- (23% of outstanding loan)** which is increasing trend. This scenario looks high trend and chair of the meeting has expressed his concern and advised to place the detail study and action plan on syndicate loan in the meeting.

Apart from the above observations, audited branches are also in practice of fund transferring without taking any formal approval, loan disbursement violating rules & process and salary paid without clearance letter. These are common phenomena and similarly critical for monitoring and financial discipline.

3. HR Policy review 2017 and change matrix

Director has presented the change matrix of HR policy to the board. The board has reviewed the changes and proposals minutely and has requested Vice-Chair-BOT (Mr. Minar Monsur) for its review. Director, COAST will be finalized it with a cooperation of Vice-Chair.

4. Finance manual review 2017 and change matrix

Deputy Director-FC&CA has presented the change matrix of Finance manual to the board and he informed that the present manual was approved during October 2013. The board has reviewed the changes and proposals minutely and has requested Treasurer-BoT (M. Zahirul Alam FCA) for its further review. DD-FC&CA will be finalized it with a cooperation of Treasurer.

5. **MF Trend analysis:** DD-ME & IA presented the latest (July'16-Feb'17) performance of MF where it's viewed the following;
- i. **COAST micro finance program has reached its portfolio outstanding as BDT 153 corer in Feb' 2017.** Simultaneously, the portfolio is also running with increasing trend on its member (1.03 lac.), savings accumulation (51.19 cr.) and surplus generation (6.87 cr.) during last 07 month.
 - ii. **Overdue seen as increasing trend** (net overdue is stand as 4.95 crore in reported month Feb'17) which reflecting 3.9% as PAR. Vertical growth of disbursement and portfolio has minimized this option of current OD trend.
 - iii. **Accumulated Surplus:** The accumulated surplus has created the capital balance as 20.30 crore in Feb'17. Currents surplus is also observing as increasing trend with net figure 1.00 corer plus in every month.

Nevertheless, the **meeting has expressed their opinion** on following issues;

- a. Member accumulation observe as static and net member accumulation is negative (-219) figure at the end of Feb'17 comparing with July'16. **So package need to review ASAP.**
 - b. Study on non-borrower member, in view of savings mobilization and disbursement etc.
 - c. Detail information on bank financing to be placed in regular basis in BoT meeting.
 - d. Budget analysis will be presented in case organizational expenditure made during the period.
6. **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 14 in number up to March 2017 where three projects have closed as their implementation period over. The calculated budget for these projects were taka 349.73 million. Till the date, the projects have received the amount of tk. 222.73 million and the fund utilization rate is 95%.

The Secretary/ED informed that OAK Foundation has express their interest for funding US\$1 million for climate change program for 03 years. He also informed that COAST is keep communication with Bill gates Foundation as a part of funding opportunities.

7. **Bad-debt Mobilization:**

The Director has presented the latest performance and progress on bad debt mobilization and shown that there is 37% achievement against the target on bad debt collection during last year's. Meeting suggests resume to presenting CREP overdue performance in the meeting.

Meeting advised to DD-FC& CA to check the source documentation process on bad-debt collection in field with sitting weekly review by Director and AD-SA&DRR.

8. **Legal procedures status (Case update):** There are 37 no of cases ongoing following the latest information on March'2017. However, COAST has able to realize the amount tk. 8.81 lac in against of spending tk. 5.17 lac up to the date. Negotiation is running and hopes to set aside at least five cases by May 2017.

9. **Statutory Fund status**

The board has given advice to invest Staff PF at Govt bond since now days FRD interest in bank is very poor (5% to 6%) and should not invest the money at leasing company considering the security.

10 **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 July'16 to Mar'17, total loan disbursement was Tk.215.27 crore and the group members invested their loan at

right schemes. No any illegal financing has been made for money laundering, terrorist financing, smuggling and illegal drug purpose. 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.

The board has suggested to prepare a leaflet for making awareness on money laundering and terrorist financing and would be discussed at group level.

11. AoB:

- As a part of development education, the board has advised to discuss the harmful health impact of having smoking, battle leaf and smoking free coking at group level. The secretary/ED has informed that by 2020 COAST will ensure free health care service at all branch level including paramedics.
- The secretary has proposed the next BoT meeting date as on 11 and 18 June, 2017. The board provisionally approve d the date.

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

Prepared by

Approved by

Rezaul Karim Chowdhury
Secretary-BoT, COAST Trust

April, 24, 2017

Chairperson-BoT
COAST Trust