

COAST Trust

Meeting minutes of the 9th BoT Audit & Finance Committee meeting held on 20 June, 2015 at COAST Principal Office, Dhaka.

A. Member Participated

1. M. Zahirul Alam FCA, Treasurer, BoT (as BoT member participant)
2. Rezaul Karim Chowdhury, Executive Director (as staff participant)
3. Sanat K. Bhowmik, Director (as staff participant)
4. Aminul Hoque, Deputy Director-IA&ME (as staff participant)
5. Md. Ahsanul Karim, Deputy Director-FC&CA (as staff participant) and
6. Md. MH Didar, Head-Core Operation (as staff participant)

B. Agenda Transacted

1. Review of the last (8th) Audit Committee minutes
2. Report from internal audit sections (MF program)
3. Report on Internal auditor's (Donor projects)
4. Micro finance and financial trend analysis
5. Project Information matrix
6. Statutory Fund Status report
7. Bad debt mobilization update
8. Legal procedures status (Case update)
9. Any other business

The meeting has 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 have reviewed the minutes and on its updated progress of 8th BoT audit committee meeting and the following decisions are taken for further actions;
 - a. The review of will be presented following a "Summary format" only mention the decision and action progress in next BoT audit meetings.
 - b. The operation and progress of two mobile banking are still in slow pace. One is "Sure Cash" working in Bhola have admitted around 3000 member up to May2015 but membership under mobile banking through IFIC is only 200 which is stage in observe. This is happening due to lack of contracting service with AKTEL mobile company as this network is dominating this areas. IFIC bank is trying to make an agreement with AKTEL to expedite the services as well.

The meeting also informed that there is an amount around tk. 15000 has earned as commission, handling the "Sure Cash" membership in Bhola area.
 - c. Management report of last external audit of COAST must be submitted to the Treasurer. He will check the report and then give comments for next auditor selection. DD-FC & CA will handling and coordinate this issue as urgent because of time bound pre-requirement of MRA.
 - d. Study on financial security mechanism on MF branches is being done from DD- FC & CA. the study will be highlighted the present security measures whether it is adequate or further improvement needed. Report also discuss at the BoT audit meeting. Selected 10 branches will be monitor cyclical and reported in every meeting.

2. Report from internal audit sections (MF program)

Internal audit section has presented the summary of audit findings on last quarter (Mar-May 2015). There 14 branches are audited where following major decisions are made based on the findings and related discussion;

- i. Trend of misappropriation observes reducing in MF program during the last period of audit in terms of both amount and the number of staff engaged. There are amount of tk. 49290/- has found as misappropriation where tk. 26525 is realized instantly and rest of the money (tk.27225) will be realized from the final payment as these staff left the organization. The analysis also has shown that only 12.9% staff engaged with irregularities comparing the previous.
- ii. Syndicate loan is yet as major concern for the program especially in case of keeping quality repayment and collection. Staff (CDOs) have need to orient on preventing syndicate loan and follow up needed. In Pekua, Ukhia and Lalmohan-S branches found syndicate loan where 12 member taken tk. 1545000/- creates syndicate with 56 member. The present outstanding amount up to May'15 is tk. 10.18000/-.
- iii. Internal audit observe fund transfer process without flowing proper process and approval. Meeting has expressed deep concerned on it and recommended to make the fund transfer process through Core Operation approval following strictly.
- iv. Computer automation and soft ware installation already completed to all MF branches. MIS already prepared and the FIS will be created from June 2015. This will drastically reduce the paper work at field level and daily monitoring from central will be easier on cash management other financial issues.

3. Report on Internal & External auditor's (Donor projects)

During the last quartet, only one donor project (SGSP) have audited from the internal audit section and no external audit happen. The major observations are found process irregularities those have mitigated on the spot instantly.

4. **MF Trend analysis:** Head-CO has presented the latest (up to May'2015) performance of MF where it's viewed the following;
 - i. Member balance, disbursement & realization and income-surplus scenario have been showing upward trend. The total outstanding is 93.0 corer up to May'15.
 - ii. Overdue seen as increasing trend (increased 93 lac during the financial period) which is 4.40% as PAR. Level of quality disbursement can be minimized option for this concern.
 - iii. Surplus is earned during the financial period 1.35 corer as net and the capital fund is tk. 8.68 corer at the same time.
 - iv. There is a portion of AAB period OD (tk.1.25 crore)is merged with present portfolio which is hampering the performance quality. Treasurer suggested to find out the options, analyzing the Balance sheet on how to adjust this figure.
 - v. Total funding picture and justification of bank loan to be presented to Treasurer as Core Operation informed to BoT for searching bank loan apart PKSF.
5. **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 12 in number and total fund is taka 311.97 million. Till the date, the projects have received the amount of tk. 107.87 million and the fund utilization rate is 92%.
6. **Statutory Fund Statement:** DD-FC&CA has presented the statutory fund report and its detail status. The following assessment is made based on the reporting;
 - i. During the period July'14 to May'15 the Staff gratuity and PF fund has collected from respective sectors and projects properly and also deposited this fund in to the respective bank account properly. The net liability of PF is Tk.1.91 corer and Gratuity is Tk.1.54 corer up to May'15 from head office part. End of May'15, the PF investment is 34% against PF fund and for Gratuity it is 64% against its fund.
 - ii. Regarding provisional expense of LLPE. DMFE and DRFE it is almost 94% has been achieved against target. But in respect of investment it is 20% for LLP, 26% for DRF and 57% for DMF.

- iii. End of May'14 total FDR amount is Tk.517.70 lakh (Principal) where for MF (savings) Tk.180.00 lakh, MF (Capital) Tk.70.00 lakh, MF (Reserve) Tk.53.00 lakh, Operation Tk.3.50 lakh, CREP Tk.48.00 lakh, PF Tk.65.00 lakh and Gratuity Tk.98.00 lakh.

The board has given emphasis to increase the investment (deposition of bank) rate against fund especially for PF and Gratuity.

7. Bad-debt Mobilization:

The Director has presented the latest performance and progress on bad debt mobilization and shown that there is 71.0% achievement against the target on bad debt collection.

- 8. Legal procedures status (Case update):** The Director has presented the latest updating on legal actions taken against the staff engaged with misappropriation. There are 38 no of cases ongoing and COAST has been able to realize the amount tk. 8.15 lac in against of spending 3.86 lac.

9. AoB:

- i. Staff Savings Fund: Core Operation has proposed to create “Staff Savings Fund” presenting the detail opportunities for both organization and staff. The staff savings fund will facilitate following benefits as major;
- a. In every year fund will be created as amount of tk. 6.0 million at least. This fund will be support for organization to meet up fund crisis as short term period.
 - b. Staff will be benefited as commercial bank rate or more than is opportunity create to invest in MF program.
 - c. Staff can deposit any amount of tk. 500-10,000 which will deduct from their salary and get amount with profit during final payment. No withdrawal during job, but entitles loan facilities (up to 80%) reducing rate of interest.
 - d. No disciplinary measure applicable to this fund, but any sort of financial allegation, amount will be adjusted if needed.

The meeting has concluded with thanks from all participants having no other discussion.

Prepared by

Approved by

Aminul Hoque
Secretary of the meeting
COAST Trust

Dated : 20 June, 2015

M. Zahirul Alam FCA
Treasurer- BoT
COAST Trust