

## COAST Trust

### Meeting minutes of the 10<sup>th</sup> BoT Audit & Finance Committee meeting held on 25 Dec, 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. Tarik Sayed Harun, Asst. Director-Core Program. (as staff participant) and
6. Mostafa Kamal Akand, Asst. Director-HRM (as staff participant)

#### B. Agenda Transacted

1. Review of the last (9<sup>th</sup>) Audit Committee meeting 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 has reviewed the minutes and on its updated progress of 9<sup>th</sup> BoT audit committee meeting and the following decisions are taken for further actions;
  - a. Despite introducing of more mobile banking (i.e. Trans Fast, Western Union along with existing operator "Sure Cash") with micro finance program, there are no significant progresses observed in terms of financial transaction among the members. Major challenge and concerned to include all members with this program, no nearest agents of these operators in COAST working areas and paying the service charges (either COAST or members) of any transaction made.  
  
Following the above concern and challenges, management decided to further study and sought policy options for future course of actions.
  - b. Meeting again expressed their concern on follow up and study on financial security system of MF branches. Here decision made and suggest to follow up must be done selecting top 10 branches in every quarter based on the outstanding and volume of transaction. The follow up report will be presented in the BoT audit meeting.
2. **Report from internal audit sections (MF program)**

Internal audit section has presented the summary of audit findings on last quarter (June-Nov'2015). There 36 branches are audited where following major observation are critical based on the findings and related discussion;

- i. **Financial Misappropriation** Trend observes reducing in MF program during the last period of audit in terms of amount. There are amount of tk. 1,64,481/- has found as misappropriation where tk. 1,11,516 is realized instantly and rest of the money did not realized as engaged staff left the organization. Legal procedures already filed against these staff. However there are 56% staffs engaged with irregularities comparing the previous though financial amount is small. Meeting suggests enhancing onsite monitoring during field visit.

- ii. **Syndicate loan** must be declared by CDO instantaneously, while these come into knowledge. The local management (AM, BM and his team) will check and study to realize the money smoothly. Latest audit observation reflects the number of syndicate loan is 83 in 26 branch out of 36 audited. This 83 member has occupied 338 loans, where loan disbursed as tk. 88, 36,000. Among this disbursement, present outstanding is tk. 52, 03,899 where repayment stop from 115 members and the amount is tk. 1069607. Meeting also opined and emphasized on proper pre-investigation procedures of loan schedule to reduce the incidents.
- iii. **Preserving of Overdue member's documents** are not follow properly in many (26no) branches as latest observation. This is problem to indentify the members for CDOs; those who works later and outstanding amounts are remain unrealized. AM should take specific action to ensure these.
- iv. Internal audit observed **fund transfer process without flowing proper process** and approval yet. Meeting has expressed deep concerned on it and recommended to make the fund transfer process through Core Operation approval that's following strictly.
- v. A few branches (15 branches found in latest audit) still on practice their **transaction from daily collection which is a violation of PKSF rules** and even impinging our internal monitoring and control system. RPCs daily monitoring seems very weak in this case; proper assessment needed why they are doing this and need to follow up with proper strategy.

Apart from the above branches are also in practice **delivering open cheque in case of loan disbursement and vendor** payment, **salary paid without having any transfer and clearance letter**. These are common phenomenon and similarly critical for monitoring and financial discipline.

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

During the last quartet, Internal Audit section has audited four donor project, those are ECOFISH, CLS, EWG and RUP. The major observations are found on process irregularities those have mitigated on the spot instantly.

### 4. MF Trend analysis: Head-CO has presented the latest (up to Nov'2015) performance of MF where it's viewed the following;

- i. COAST micro finance program has reached its portfolio outstanding as BDT 100 corer in November 2015. Simultaneously, the portfolio is also running with increasing trend on its member, savings accumulation and surplus generation.
- ii. Overdue seen as increasing trend (net increased 54 lac during the financial period) which reflecting 4.39% as PAR. Level of quality disbursement can be minimized option for this concern.
- iii. Surplus is earned during the financial period 2.10 corer as net and the capital fund is tk. 9.89 corer at the same time.

But the analysis has projected a shortfall of required fund mobilization for the period of 2016 that's amount as 11.98 corer. Proposal made to search bank financing to meet up the gap and the meeting agreed. Meeting also suggests to study and assessment of existing product performance toward internal fund mobilization savings generation. Staff welfare fund also need to be operationalized in the regard.

### 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 11 in number and total fund is taka 335.36 million. Till the date, the projects have received the amount of tk. 143.73 million and the fund utilization rate is 95%.

Meeting has advised to prepare project completion report while project is phase out or over. It will utilize in future in case respective program and donor communication.

### 6. Statutory Fund Statement: DD-ME &IA has presented the statutory fund report and its detail status. The following assessment is made based on the reporting;

- i. There is a deficit account (0.63 lac) observed in case of LLPE which must be minimized by Dec 2015.

- ii. Organization liabilities to PF and Gratuity funds are remaining unchanged during last period. But head office planned to pay a portion of liability after receiving the reimbursement from School Feeding project.
- iii. The consolidate achievement of PF and Gratuity investment is 41.25% (net fund available + Org loans), but net investment is 92.32% based on the present fund availability.

**7. Bad-debt Mobilization:**

The Director has presented the latest performance and progress on bad debt mobilization and shown that there is 55% achievement against the target on bad debt collection. Meeting has suggested to make a proper analytical views on this issue through following step;

- i. Year wise performance breakdown and its comparison of last and current year performance.
- ii. Branches showing poor performance (e.g. TN, CS-1, BG, MK-S and OR etc) on OD mobilization need to study and identify causes and future possible course of actions.
- iii. Staff prize options for best CDO. The assessment will be done and include the personal and professional values and integrity along with portfolio study.

**8. Legal procedures status (Case update):** The Asst. Director has presented the latest updating on legal actions taken against the staff engaged with misappropriation. There are 36 no of cases ongoing and 06 case will be dismissed by Feb 2016, informed by AD. However, COAST has able to realize the amount tk. 8.87 lac in against of spending amount 5.38 lac up to the date.

**9. AoB:** The following discussion made in AoB.

- i. 04 BoT meeting will be held in 2016. Date will be finalized in BoT general meeting.
- ii. All document and papers will be uploaded in website after meeting held.
- iii. Internal auditors meeting will be held two or three days before the BoT audit meeting.

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

Prepared by

Aminul Hoque  
Secretary of the meeting  
COAST Trust

Approved by

M. Zahirul Alam FCA  
Treasurer- BoT  
COAST Trust

Dated : 25 Dec' 2015