

COAST Trust

Meeting minutes of the 12th Pre-BoT Audit & Finance Committee meeting held on 01 October, 2016 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. Ahsanul Karim Babor, Deputy Director-FC &CA (as staff participant) and
6. Mahmudul Hasan Didar, Head-Core Program. (as staff participant)

B. Agenda Transacted

1. Review of the last (11th) Audit Committee meeting minutes
2. External Audit observation 2015-16 (SF Ahmed & Co.)
3. Report from internal audit sections (MF program)
4. Report of Internal auditor's (Donor projects)
5. Micro finance and financial trend analysis
6. Project Information matrix
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:

Director has reviewed the minutes and on its updated progress of 11th BoT audit committee meeting and the following decisions are taken for further actions;

- a. **Mobile Banking:** Among the two mobile banking operators, IFIC is one who is in fact inactive at present due to fail to reach agreement with mobile operator "Robi" at Cox's Bazar area. Another one is "Sure Cash" also observes same condition, because they have transferred their staff from Bhola. Nevertheless COAST has able to open 2800 new customer account and have income 90,000 as commission up to the date.
- b. **Fund transfer without proper process:** This trend is reducing in case of internal fund transferring among the branches. Core operation has been following up strictly and takes disciplinary action observing any deviation.
- c. **Follow up top-10 branches based on the outstanding:** Meeting again has expressed their concern following stagnation of checking financial security system of MF branches. Here decision is made that, **follow up must be done selecting top 10 branches from Oct 2016** based on the outstanding and volume of transaction rather than ad hoc basis movement to field. The follow up report will be presented in the BoT audit meeting.

2. External Audit observation 2015-16 (SF Ahmed & Co.)

DD-FC & CA has presented the observations of organizational annual audit done by SF Ahmed & Co. The major observations are found in the heads like; i. depreciation on building ii. Excess budget expenditure (121-532% excess in some cases) iii. Fixed asset ratio and iv. Cash holding limit at branch offices etc. The meeting has advised to review the response and take comment of Treasurer before submission.

2. Report from internal audit sections (MF program)

Internal audit section has presented the summary of audit findings on last quarter (June-Aug'2016). There 12 branches are audited and following major observation are critical based on the findings and related discussion;

- i. **Financial Misappropriation:** Misappropriation trend observe reducing in latest audit. The amount of misappropriated money is tk. 46,327/- comparing with previous amount of tk. 5, 52,032/-. 40% staffs are engaged with this misappropriation and tk. 24,420/- has realized. Rest of amount is under process of realization.

Chair of the Meeting also suggested for making details regarding left staffs, those have record of misappropriation and has left the organization without following proper process.

- ii. **Syndicate loan** Latest audit observation reflects the number of syndicate loan in 07 branches out of 12 audited. There are 19 member have captured 57 no of loans. Present outstanding of these loans are as tk. 12, 37,615/-. Chair of the meeting has expressed his concern and advised to place the detail information and action plan on syndicate loan in the meeting.
- iii. **Transaction from daily collection** still in practice. Major no of branches (09 branches found in latest audit 03-16 days) are found with this irregularities. This 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 observations, audited branches are also in practice of fund transferring without taking any formal approval, loan disbursement violating rules & process and over cash holding without approval of respective RPCs. 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 two donor projects of SGSP and ECOFISH. The major observations are found on VAT & Tax deduction process and solved instantly.

4. **MF Trend analysis:** Head-CO has presented the latest (Jan -Aug'2016) performance of MF where it's viewed the following;
 - i. COAST **micro finance program has reached its portfolio outstanding as BDT 125 corer in Aug 2016.** Simultaneously, the portfolio is also running with increasing trend on its member, savings accumulation and surplus generation.
 - ii. **Overdue seen as increasing trend** (net overdue is stand as 4.56 crore in reported month) which reflecting 4.0% as PAR. Level of quality disbursement can be minimized option for this concern.
 - iii. **Accumulated Surplus:** The accumulated surplus has created the capital balance as 13.00 crore on June'16. Currents surplus is also observing as increasing trend. In Aug'16, net surplus is earned @0.6 crore according to the information.

Head-CO also informed to the meeting to have PKSf approval of new 07 branches opening at Noakhali (06) and one branch in Bhola. The opening process already started of these branches and staff deployed.

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 340.63 million. Till the date, the projects have received the amount of tk. 214.44 million and the fund utilization rate is 89%. Meeting also advised to give physical progress briefly (if possible) along with financial update.

6. Bad-debt Mobilization:

The Director has presented the latest performance and progress on bad debt mobilization and shown that there is 43% achievement against the target on bad debt collection during last three years. CREP overdue also realized 67% against the target during Ap-Aug'16 through the same mobilization.

7. Legal procedures status (Case update): There are 38 no of cases ongoing following the latest information on Aug'2016. However, COAST has able to realize the amount tk. 9.42 lac in against of spending tk. 5.69 lac up to the date.

8. AoB: There were no agenda for discussion in AoB.

Chair of the meeting has concluded with thanks to all participants as there has no other discussion.

Prepared by

Aminul Hoque
Secretary of the meeting
COAST Trust

Dated: 01 Oct' 2016

Approved by

M. Zahirul Alam FCA
Treasurer- BoT
COAST Trust