

Minutes of the 89th Board of Trustee Meeting of Coastal Association for Social Transformation Trust held on May 6, 2016 at COAST Principal Office, House-13, Road-2, Shyamoli, Dhaka.

Member participated:

1. Begum ShamsunNahar, Chairperson
2. M. ZahirulAlam FCA, Treasurer
3. MinarMonsur, Member
4. Rezaul Karim Chowdhury, Secretary (Executive Director, COAST)

Agenda transacted:

1. Review of the last 88th BoT Meeting
2. Report from internal audit sections (MF program)
3. Report on Internal auditor's (Donor projects)
4. Micro finance trend analysis
5. Donor project information matrix
6. Written off and Bad debt mobilization
7. CREP overdue mobilization
8. Legal procedures status (Case update)
9. Statutory Fund Status report
10. 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 88th BoT meeting minutes

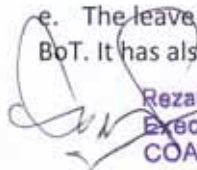
a. It is decided to start trial transaction through mobile banking with two microfinance branches which are Jinnagor and Janatabazar and the activities will start from June 2016. Since introducing (November 2014) of this mobile banking with Trans Fast, Western Union and Sure Cash, there are no significant progresses have observed due to its concern issue of paying "Service Charge" for any transaction either by COAST or by group members, yet to resolve. Meeting has also advised to explore the possible strategies through policy change advocacy with concern institutions and try to continue this action as this is a latest technology of financial management.

b. The secretary informed that due to reduce misappropriation trend more effectively, the cheque is being taken from staff instead of certificate. Apart from this, all Branch Managers will be oriented on bi-monthly as refreshers on financial follow up process. The board has instructed to take MICR cheques instead of non-MICR cheques.

c. It is decided to take pre-approval from board to take any loan from any bank for using as revolving credit fund. The Treasurer will evaluate the demand and process on behalf of Board. The secretary informed that at present COAST have has the agreement with One Bank Ltd and BRAC Bank Ltd. for MF RCF and further discussions are going on with Midland Bank Ltd, Exim Bank Ltd. and Uttara Bank Ltd. for taking new loan.

d. The secretary informed the board that COAST has initiated to start enterprise development unit and its major sectors are livestock, beef fattening, milk production, fish culture, dry fish. He also informed that COAST has recovered ITDC located at DakhinAicha, Bhola from local civilians which was illegally grabbed by them since long and it will be used for this business purpose too.

e. The leave system of the organization has been amended which is approved by Chairperson-BoT. It has also approved that the final payment will be made in Principal Office from Branch


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Executive Director
COAST Trust




Begum Shamsun Nahar
Chairperson-Board of
COAST Trust

Manager to upper positions. The amendments have been well circulated in all staffs. These will be treated as the integral parts of the COAST Human Resource Policy Manual 2013.

2. Report from internal audit sections (MF program)

Deputy Director-ME&IA has presented the summary of internal audit findings for the period December'15 to March'16. Total 18 branches have been audited where major observations are as follows:

- i. **Financial Misappropriation:** Trend observes increasing in MF program compared with last period of audit and in terms of amount. There are amount of Tk.5,52,032/- has been found as misappropriation where tk. 1, 04,459/- is realized instantly and rest of the money Tk.4,44,573/- was not realized since engaged staffs have left the organization. Legal procedures already have been filed against those staffs. However there are 47% staffs engaged with irregularities that reflects a reducing trend in case of engaging staff with irregularities. Meeting suggests for enhancing onsite monitoring during field visit.
- ii. **Syndicate loan:** Latest audit observation reflects the number of syndicate loan is 36 in 9 branches out of 18 audited. This 36 member has occupied 190 loans, where loan disbursed as Tk.44.07 lac. Among this disbursement, present outstanding is Tk.27.33 lac where repayment stop from 104 members and the amount is Tk.13.25 lac. Meeting also opined and emphasized on proper pre-investigation procedures of loan schedule to reduce the incidents.
- ii. **Transaction from daily collection:** Still in practice (6br found in latest audit 01-08 days). This is a violation of PKSF rules and even impinging the internal monitoring and control system. RPCs daily monitoring seems weak in this case; proper assessment needed why they are doing this and need to follow up with proper strategy.
- iii. **Internal fund transfer:** Internal audit observed that internal fund has been transferring without following proper process and approval. The latest audit found this unauthorized fund transfer process amounting Tk.1.08 crore among 4 branches. Meeting has expressed its deep concern in this regard and strongly recommended to make the fund transfer with the prior written approval from Core Operation section.
- iv. **Preserving of Overdue member's document:** There was a decision to take approval from ED in case of documents missed of write-off members. The process has been started and is proceeding. The problem is that the newly joined CDOs could not identify the OD members and thus outstanding amount remain unrealized. The latest audit observed in 10 branches where proper documentation and approval have not done yet.

Apart from this, some of branches are in practice for delivering open cheque in case of loan disbursement and vendor payment, salary paid without having any transfer (2 cases) 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 one donor project that is SEEDS, but there external audit was conduct by the donors on CLS and RUP. The major observations are found on process irregularities and responded accordingly with necessary actions.

4. MF Trend analysis:

Assistant Director-CP has presented the latest (July'15-Mar'16) performance of MF where it's viewed the following;

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Executive Director
COAST Trust



Shamim Shamsun Nahar
Chairperson-Board of Trust
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i. COAST micro finance program has reached its portfolio outstanding to Tk 114 crore in March 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 increased 50 lac during the financial period) which reflecting 4.39% asPAR. Level of quality disbursement can be minimized option for this concern.

iii. Surplus is earned during the financial period Tk2.70 crore as net and suppose to reach@ 3.00 crore end of the financial year. The capital fund is tk. 11.00 crore at the end of March 2016.

But the analysis has projected a shortfall of required fund mobilization for the period of 2016 and that amount as Tk.11.98 crore. Following to meet up this gap, Bank financing is being explored and already Midland bank has approved tk. 5.00 crore that will be received in time.

Assistant Director-CP also informed to the meeting to get PKSF approval of new 6 branches opening at Noakhali region those will start operation as soon as possible. Computer automation have been completed at all MF branches. Now it needs to improve reporting quality with fine tuning through web-based server development. Following the performance, 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 this regard.

5. Donor Project Information Matrix:

The Director has presented a matrix on ongoing donor projects and their progress. Total projects are 11 nos and total fund is Tk.381.97million. Till the date, the projects have received tk.171.23 million and the fund utilization rate is 95%.The Executive Director has opined to reduce project dependency as the volume of MF has been increasing which would stand @ 200 crore by 2020.

6. Written off and Bad-debt Mobilization:

The Director has presented the latest performance and progress on written off and bad debt mobilization and shown that there is 46% achievement against the target.

7. CREP overdue mobilization

The Director has presented the CREP overdue mobilization report to the board. He informed that from monthly OD mobilization, total Tk.4.08lac (target Tk.5.85lac) has been recovered during Jan-April'16 which is 70%. On the other hand total Tk.2.86lac (target Tk.5.85lac) has been recovered during Jan-April'16 which is 49%. Total outstanding with SC is Tk.1.42 crore and payable to IDCOL is Tk.1.87 crore.

8. Legal procedures status (Case update):

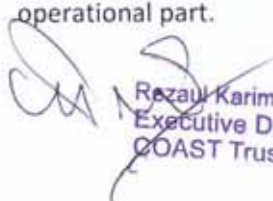
The Assistant Director-HRM & SR has presented the latest update on legal actions taken against the staff engaged with misappropriation. There are 36 no of cases ongoing and 6 cases will be compromised by July 2016. However, COAST has been able to realize the amount Tk 8.87 lac against the spending amount Tk.5.38 lac till to date.

9. 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. There is a deficit account (1.80 lac) observed in case of LLPE which must be minimized by June 2016.

ii. Organization liabilities to PF and Gratuity funds have been reduced with the amount of Tk. 8.41 lac and Tk. 0.62 lac respectively. Meeting suggested to clear of regular PF & Gratuity of COAST operational part.


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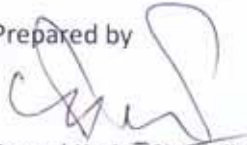
iii. The consolidate achievement of PF investment is 45% (net fund available + Org loans), but net investment is 85% based on the present fund availability. In case of Gratuity investment, it is (1.56 crore) 73% of total fund.

10. **AoB:** The following discussion are made in AoB.

- i. Board has suggested to do survey at big markets of Dhaka like Kawran bazar, Riazuddin bazar and others to invest MF money as a part of entrepreneurs program. The board informed that about 9% to 10% money has been invested in to this sector by different NGOs and COAST may consider to invest there.

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

Prepared by



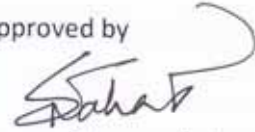
Rezaul Karim Chowdhury
Secretary-BoT, COAST Trust

Rezaul Karim Chowdhury
Executive Director
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May 8, 2016



Approved by



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Chairperson-BoT, COAST Trust

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Chairperson-Board of Trustees
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