

Minutes of the 97th Board of Trustee Meeting of Coastal Association for Social Transformation Trust held on 21st April, 2018 at COAST Principal Office, House-13, Road-2, Shyamoli, Dhaka.

Member participated:

1. Begum Shamsun Nahar, Chairperson
2. Minar Monsur, Vice-Chairperson
3. M. Zahirul Alam, FCA, Treasurer
4. Dr. Abbas U Bhuiya, Member
5. Ruma Akter, Member (PO leader, Cox's Bazar)
6. Halima Begum (PO leader, Bhola)
7. Rezaul Karim Chowdhury, Ex-officio Secretary (Executive Director, COAST)

Agenda transacted:

1. Review of the last 96th BoT Meeting
2. Internal audit report
3. Renewal of BoT member position
4. Micro finance and financial trend analysis
5. Joint Stock Co. registration
6. COAST Mother account change (Bank change)
7. Gender development status
8. HR development status
9. Legal Procedures status (Case update)
10. Bad debt mobilization and update
11. Project Information matrix and thematic areas
12. Money laundering compliances of MRA
13. 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 96th BoT meeting minutes:

- a. **Agent Banking:** AD-CP informed that the agent banking has been operating at Torabgonj branch in Laxmipur district with a support of the Midland Bank Ltd. The program is now in trial basis and its financial analysis and report will be placed in next BoT meeting. AD-CP also informed that agent banking is equipped with all banking facilities where customers will be able to deposit and withdrawal their money and will get other banking facilities.
- b. **Follow up top-10 branches based on the outstanding:** Due to staff shortage in finance section, it is hampered the planned action in latest quarter of January-March 2018. DD-FCA&HRM informed that by June'18 the target will achieved.
- c. **Reporting on Syndicate Loans:** Board has suggested to develop a system to identify those MF staff specially CDO and BM who are involved with for providing syndicate loans. AD-CP informed that in next BoT meeting a report will be presented related to its progress and performance on the realization of syndicate loans which was identified by COAST internal audit section.

2. Report from internal audit section (MF program)

Internal audit section has presented the summary of audit findings on last quarter (Jan-Mar'18). There 30 branches are audited and following major observations are critical based on the findings and related discussion;

- i. **Financial Misappropriation:** 41% (80 out of 196 staff) staff are engaged with misappropriation. The amount of misappropriated money is Tk 7.64 lakh and from this amount Tk 3.02 lakh is realized instantly and rest of the amount (Tk 4.61 lakh) is under process of realization.

- ii. **Syndicate loan:** Latest audit observation reflects that there are syndicate loans remain in 21 branches out of 30 audited. Total 111 members have captured 345 no. of loans. Present outstanding of these loans are as tk. 86.44 lakh and overdue is tk. 19.36 lakh (22.4% of outstanding loan) and the trend is increasing. This scenario looks high trend and chair of the meeting has expressed his deep concern in the meeting.

Apart from the above observations, audited branches are also in practice of management irregularities in daily transaction like fund transfer without taking any formal approval, loan disbursement violating rules & process and savings withdrawal and administrative expenses. These are common phenomena and similarly critical for monitoring and financial discipline.
- iii. Next Internal Audit & Operation meeting will be held on 5 May, 14 July and 8 Sep 2018. Meeting will be participated by AMs with RPCs following one meeting alternative.
- iv. All CDOs will purchase their bi-cycle by 30 April. This will have to ensure from their own initiatives and AM and RPC will follow up the action.
- v. BA from Bashkhali, Dohajari and BA & BM from Lohagara will come to audit hearing for fake cash-hand and loan from daily collection.
- vi. Operation will sit in a meeting on syndicate loan management and its recovery and monitoring ASAP.
- vii. All damaged furniture will be replaced in branch offices by June'18.
- viii. **Audit observation on donor projects:** During the quarter, internal audit has been conducted of FDMN Projects by COAST Internal Audit section. The audited donor projects are Tearfund, UNICEF (EPERA), PKSF, Mercy Malaysia and AAR Japan. The major observations are related to VAT and Tax calculation and bill approval process. Board has given instructions to arrange a training on overall financial and procurement management.

3. Renewal of BoT member position:

The Secretary informed the board that the three years period of BoT positions has been ended on last 6th April, 2018 and it's needed to be renewed for next three years w.e.f. 7th April 2018 to 6th April 2021. The secretary informed that the existing name and positions of the Trustees are (1) Begum Shamsun Nahar as Chairperson, (2) Minar Monsuras Vice-Chairperson, (3) M. Zahirul Alam FCA as Treasurer and (4) Dr. Tofail Ahmed, (5) Dr Abbas U Bhuiya, (6) Ms. Halima Begum (PO leader, Bhola) and (7) Ms. Ruma Akter (PO leader, Cox's Bazar) are as the members of Board of Trustees.

The Secretary informed that the board has approved to take registration from Joint Stock Co. and as per rules there needs to be formed a General Committee (Min: 15 and Max: 31 members) and it is needed to take new members for forming the General Committee. Since it needs time to complete all formalities like taking approval of edited Deed of Trust from Registry office and registration from Joint Stock Co., so it is proposed to continue the existing board member with their present position w.e.f. 7th April 2018 to until getting new Deed of Trust and registration from Joint Stock Co. The board has approved the proposal and given necessary instructions for its execution.

4. MF Trend analysis:

Asst. Director has presented the MF performance from July'18 to Mar'18 where it's viewed the following;

- i. **COAST micro finance program has reached its portfolio outstanding as BDT 19.64 crore end of Mar'18 from July'18.** Simultaneously, the portfolio is also running with increasing trend on its member (4,917), savings accumulation (Tk5.11 cr.), but the net surplus generation is gone down Tk.25.73 lakh (25%) from July'18.9.86 cr.) and gradually it is decreasing.
- ii. **Overdue seen as increasing trend:** End of Mar'18 the net overdue amount is Tk.8.28 crore which is increased Tk 2.74 crore (49%) than July'18. The board has expressed their deep concern for increasing the overdue remarkably by 8 months. It will certainly affect negatively the program discipline, income, liquidity management and also the loan repayment. The board has suggested to give special support to improve the situation and strengthening monitoring and support supervision in there.

- iii. Expedite the communication with Bank to ease the current fund crisis. Colleagues are requested to explore their opportunities making relation with bank in this issue.
- iv. Agent banking operation will be continued. There are 46 account holders have deposited their money where the amount is tk. 12 lac up to date.

5. Joint Stock Co. registration:

The Executive Director informed that the Deed of Trust will be reviewed as per compliance of MRA where General Committee and Executive committee issues will be incorporated. The Deed of Trust will be taken approval from Registry office which will later on be used for Joint Stock registration. The Joint Stock registration process is still under process and will update the board time to time. The Treasurer has instructed again to review the draft deed with an expert lawyer and also proposed to call a special meeting for its further review and progress.

6. COAST Mother account change (Bank change):

The Secretary informed that COAST has been maintaining a mother account "COAST Trust, SND-37" with Bangladesh Krishi Bank, Shyamoli Br, Dhaka since the inception of COAST and it is approved by NGOAB. This mother account has been operating only for receiving donor grant (which is approved by NGOAB) and later on transfer to respective projects bank account. The signatories of the bank account are ED-COAST (M Rezaul Karim Chowdhury), Treasurer-BoT (M Zahirul Alam FCA) and Member-BoT (Dr. Tofail Ahmed) and it has been operating with a joint signature of two signatories among three.

The secretary stated that at present COAST is not getting proper support from Krishi Bank in respect of donor fund receiving and transferring. They are taking long time in respect of (i) fund transfer from mother account to donor projects account, (ii) donors fund collection from Bangladesh bank and other mediatory bank and (iii) sometimes lost the fund transfer letter. Also getting less cooperation for performing official activities with them. In this regard COAST is proposing to close the mother account with Bangladesh Krishi bank, Shyamoli Br. and to open a new bank account at South-East Bank Ltd, Shyamoli Br. for operating mother bank account. The tile of the account will be "COAST Trust". The board has approved the proposal and given necessary instructions to open the account with South-East Bank Ltd and the nature of account (CD/SND/STD) will be decided by COAST management.

7. Gender development :

The AD-HRM has presented the gender development activities like meeting, discussion issues, action points etc. to the board. The board appreciated the initiatives and suggested to be conscious more to implement disciplinary actions, to investigate the complain of gender related matters from many aspects specially when the complaints are given by female against male, to be conscious to use color of the graphical presentation like chart. The board also instructed to verify the validation of complaint by the female colleagues before taking the measures.

8. HR development status :

The AD-HRM discussed the human resource status of COAST Trust. She mentioned that up to March 30, 2018 the total staff in COAST is 1,198 that belongs to both MF and donor funded projects. Among this number 46 staff work in Principal Office, 724 staff work in MF and 428 staff work in various donor projects.

In respect of disciplinary actions, from Jan'18 to March'18, salary of 22 staff was deducted, warning letter was issued due to poor performance, misappropriation, taking unauthorized leave, late attendance, misbehavior, miss posting of accounting data, unauthorized loan disbursement, irresponsibility and one staff was dismissed due to violation of organization's policy. During this period total 43 new staff has joined in core and non-core programs where 74% was male and 26% is female. The present male/female ratio of COAST is 55:45 including donor projects.

9. Legal procedures status (Case update):

At present COAST has been dealing with 46 case against staff end of April 2018. Till to date total filed case amount is Tk 2.42 crore from where Total Tk 1.45 crore has been realized against the expense 16.25 lakh.

During April total legal and other expense has been made Tk.19.24 thousand where realized amount was Tk.3.00 thousand. At least 08 numbers of case will be set as final solution in next quarter.

10. Bad-debt Mobilization:

The Director has presented the latest performance and progress on write-off and bad debt mobilization from Jan'13 to Mar'18. According to the bad-debt report total Tk1.06crore is collected (41%) against the target and from written-off amount total Tk 83.88 lakh is collected (34%) against the target. An amount of Tk14.65 lakh has spent as refreshment cost to staff against this bad-debt and written-off collection. The board has instructed to strengthen its mobilization before coming the rainy season.

11. 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 15 in number end of March 2018. The estimated budget for these projects were taka 4.12 crore. Till the date, the projects have received the amount of Tk 2.26 crore and the current fund utilization rate is 97% where the cumulative rate is 55%. The Treasurer has instructed to follow the foreign donation act 2012/16 mandatorily and related compliance before receiving and utilizing the fund which are released by NGOAB. In case of any exchange gain from donor fund transaction then it will be adjusted as per NGOAB act and their guideline. All projects will publish their project news letter (mentioning activities and progress) on monthly basis. The Director informed that the host community study related to FDMN has been completed by COAST and has presented to NGOAB as per NGOAB instruction.

12. 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'18 to Mar'18, total loan disbursement amount was Tk.263.84 crore and the Loan and Savings balance end of Mar'18 was Tk 191.22 crore and Tk 62.83 crore respectively. The group members have invested their loan at right schemes. No any illegal financing has been reported for money laundering, terrorist financing, smuggling, illegal drug and any other illegal engagements or purpose. The savings fund of borrower also been utilizing properly in MF program and also as FDR.

The Director also stated that the donor projects are also maintained properly. From internal audit section and also from central finance section, the audit and financial monitoring have been doing as per plan. No any suspicious and irregular/abnormal transactions have not been made within the organization.

13. AoB:

COAST Security Policy: Director presented the draft security policy of the organization. The major issues of the security policy are i) any staff face any accident must be informed Executive Director without delay, ii) the victim will properly be treated with urgent basis in a best hospital, iii) all motor cycle drivers will wear the helmet, iv) office will give the highest security of the foreign guests and the policy will be briefed them just after arrival in the offices, v) all staff will be from terrorism activities and if anyone finds any relation by the staff then s/he will immediately inform Executive Director. The board requested to send the soft copy if the policy for further study and in the next BoT meeting it will be given approval.

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

Prepared by

Approved by

Rezaul Karim Chowdhury
Executive Director and
Ex-Officio Secretary-BoT, COAST

April 23, 2018

Begum Shamsun Nahar
Chairperson-BoT
COAST Trust