

COAST Foundation

Minutes on 25th Pre-EC Finance & Audit Committee meeting

Held on Zoom, Date: 24 Sep 2021, at 10.30pm to 12:30pm.

A. Member Participated

1. Md. Mostafa Kamal Ahmed, FCA (Treasurer-GC/EC, COAST)
2. Rezaul Karim Chowdhury, Executive Director and Member Secretary-GC/EC
3. Sanat K. Bhowmik, Deputy Executive Director (as staff participant)
4. Aminul Hoque, Director- ME & IA (as staff participant)
5. Md. Ahsanul Karim (Babor), Director-FC &CA (as staff participant)
6. Tarik Sayed Harun, Director- Core Program (as staff participant)
7. Mostafa Kamal Akand, Director (as staff participant)
8. Finance & Audit Personnel [Sector Head to Asst. Director].

B. Agenda Transacted

1. Minutes [24th Meeting Review]
2. Report from internal audit sections (MF program and Projects)
3. MF Trend Analysis [Up to June 2021].
4. Budget Variance [July-Aug 2021-22 FY]
5. Legal Issues (Case against staff and others) update.
6. Any other Business (AoB).

C. Decision Matrix

SI	Agenda	Decision	Remarks
01	Minutes Review	<ul style="list-style-type: none">- Executive Director revised the 24th meeting minutes and brief the highlights as;<ul style="list-style-type: none">i. Deposition of VAT must be followed govt. timeline.ii. Organizational VAT registration is under process and will get by 1st week of October 21.iii. 05 new branch are already opened according plan and rest of the five will be started from October 21.iv. In 2019-20 financial year organization have made a financial loss 1.00 corer due to Covid pandemic.v. Recovery performance is observed low comparing between general and syndicated loan. That's why Treasurer have advised to strengthen monitoring on this issue along with general loan.	
02	Report from Internal Audit	<ul style="list-style-type: none">- 14 MF branch and 02 donor project are audited during the period from June - Aug 2021.	
		<ul style="list-style-type: none">- Tk. 4, 02,986/- identified as misappropriation by 50 (53%) staff where 3, 56,650/- are realized. Tk. 46,336/- to be realized during final payment as staff left the organization.	
		<ul style="list-style-type: none">- Misappropriation happened due to lack of proper and timely monitoring from RPC and AM. Staff engaged with financial fraudulence following new tricky approach like changing pages of members' passbook and collect installment but parted deposition etc.- Director-COp opined there are 30-40 passbook per branch either missing or keeping hide by the staff or members anyway. This issues are	

SI	Agenda	Decision	Remarks
		<p>following up with very cautiously and taken measure instantly while found.</p> <ul style="list-style-type: none"> - DED emphasized to ensure system practice in case of passbook replace properly. - Syndicate loan observed in seven branches among the 14. Around 41.63 lac disbursement are captured by 33 syndicators where amount outstanding 26.31 lac and 9% already been overdue. 	
		<ul style="list-style-type: none"> - Financial irregularities observed as loan approval and savings return process where need proper monitoring from operation as well. 	
		<ul style="list-style-type: none"> - Two donor project [CFTM, UNICEF-Ed] are audited from IA section. Major observations are paying open Cheque to vendor and pending the VAT didn't deposit timely. - ED opined to bring respective staff [AO & PC those who signed the Cheque] in audit hearing where Treasurer given his consent for giving them a learning. 	
03	MF Trend Analysis	<ul style="list-style-type: none"> - At the end of Aug 2021, total member in MF program is 1.42 lac and number of Loanee is 1.12 lac (83% of member). Performance trend found almost static comparing the month of March 2021. - Total portfolio is stand on Aug'21 as Tk. 320 cr. is satisfactory and increasing trend and will reach to 400 cr. projected outstanding by end of the financial year. - Surplus is observed increasing trend during May - June'21. - Accumulation Capital fund is stand as tk. 44.10 cr. in June 2021. In 2020-21 financial year MF program has made a net surplus 7.5 cr. - PAR [Portfolio at Risk] is 19.20% is high trend due to pandemic, but becoming reduce gradually. - Director COp has presented an analysis on following portfolio management indicators; <ul style="list-style-type: none"> - Salary cost 51% of total operational expenditure which is below national standard and average. - Cost of fund 30% a little bit high due to fluctuation of funding. - Admin cost is 11%. - Bank Liability is 52 cr. at present which is 17% of total fund. and - Organization has gained a Credit Rating "A" for long term and ST-3 for short term perspective. 	
04	Budget Variance for FY 21 -22.	<ul style="list-style-type: none"> - Finance section has presented budget variance for the period July-Aug 21 financial year and shown; <ol style="list-style-type: none"> i. 85% expenditure made for Reporting month in Aug 21 only. ii. 80% expenditure made for the period of July-Aug 21 iii. Cumulative expenditure made as 14% of total budget during the period of July-Aug 21. - Section also has presented the expenditures head those have crossed over 100% during the period. E.g. 	

SI	Agenda	Decision	Remarks
		i. Medical Support ii. Honorarium & Social Contribution under Bhola Operation. iii. Warehouse, office rent under UROC. iv. Office maintenance, fuel/oil under Charfession MTC etc. Treasurer has advised to revise the budget heads , if there anticipated expenditures might be increased in next.	
05	Legal Issues (Case against staff and others) update.	- Total 56 case running against the staff and others at the end of Aug 2021. This situation seems as static condition despite of solving and suing trend is equal during the reporting period.	
06	AoB	- Executive Director proposed to hold a discussion with EC on Sonarpara land and their next structural development and financial plan. Treasurer agreed and advised ED to present detail plan. Director FCA will prepare a slide presentation for EC meeting detailing the structural design, cost-benefit analysis and fund sourcing [along with the land sale of Chakmarkul].	

Prepared By:
Aminul Hoque, COAST Foundation.