

**COAST Foundation**

**Minutes on 26<sup>th</sup> Pre-EC Finance & Audit Committee meeting.**

**Held on Zoom, Date: 11 Dec 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. Tarik Sayed Harun, Director- Core Program (as staff participant)
6. Mostafa Kamal Akand, Director (as staff participant)
7. Internal Audit Personnel [Sector Head].

**B. Agenda Transacted**

1. Minutes [25<sup>th</sup> Meeting Review]
2. Report from internal audit sections (MF program and Projects)
3. MF Trend Analysis [Up to Nov 2021].
4. Legal Issues (Case against staff and others) update.
5. Any other Business (AoB).

**C. Decision Matrix**

SI	Agenda	Decision	Remarks
01	Minutes Review	<ul style="list-style-type: none"><li>- Director M&amp;E and IA has reviewed the 25<sup>th</sup> meeting minutes and brief the highlights as;<ul style="list-style-type: none"><li>i. Organizational VAT registration is under process and hope to get approval from NBR by this month Dec 21.</li><li>ii. <b>Treasurer has asked to sit a meeting with audit staff</b> to discuss the audit system and its efficiencies. Meeting has agreed to make a plan followed by his available time in next few weeks/month.</li></ul></li></ul>	
02	Report from Internal Audit	<ul style="list-style-type: none"><li>- <b>29 MF branch and 03 donor project are audited during the period from Sep - Nov 2021.</b></li></ul>	
		<ul style="list-style-type: none"><li>- Tk. <b>1, 61,067/- identified as misappropriation</b> by 90 (45%) staff where <b>1, 60,367/- are realized</b>. <b>Tk. 700/- to be realized</b> during final payment as staff left the organization.</li></ul>	
		<ul style="list-style-type: none"><li>- <b>Misappropriation happened between the ranges of amount 550 - 6250</b> among the staff. Total 13 out of 29 branches are identified where tk. 5000 - 10,000/- were misappropriated.</li><li>- Director-COp opined that the misappropriation being happened mostly due to documentation mistake by staff. However we are following up very cautiously and taken measure instantly while found.</li><li>- There are some <b>financial irregularities</b> [e.g. lack of approval, illegal adjustment etc.] also observed where Treasurer advised for timely action and properly.</li><li>- Syndicate loan observed in 22 branches among the 29. Around 93.34 lac disbursement are captured by 82 syndicators where amount outstanding 53.95 lac and 31% already been overdue.</li></ul>	
		<ul style="list-style-type: none"><li>- Three donor project [Accord, UNICEF-Ed and CEPI] are audited from IA section. <b>Major observations are payment of advances without approval</b></li></ul>	

SI	Agenda	Decision	Remarks
		<p>in UNICEF project and VAT and Tax have not deducted properly in CEPI project.</p> <ul style="list-style-type: none"> <li>- ED opined to bring respective staff [AO &amp; PC those who signed the cheques of advance] in audit hearing where Treasurer given his consent for giving them a learning.</li> </ul>	
03	MF Trend Analysis	<ul style="list-style-type: none"> <li>- At the end of Nov 2021, 11 new branches have opened and total branches are 107. Total member in MF program is 1.43 lac and number of loanee is 1.20 lac (84% of member). Performance trend observed as positive growth due to increased demand in the field.</li> </ul>	
		<ul style="list-style-type: none"> <li>- Total MF portfolio is stand on Nov'21 as Tk. 345.88 cr. is satisfactory and increasing trend and will reach to 400 cr. outstanding by end of the financial year.</li> </ul>	
		<ul style="list-style-type: none"> <li>- Surplus is observed increasing trend during this financial year except July.</li> <li>- Accumulated Capital fund is stand as tk. 47.58 cr. in Nov 2021. From July to Nov 2021 financial year, MF program has made a net surplus 3.61 cr.</li> <li>- PAR [Portfolio at Risk] is 13.20% is high that happened due to pandemic, but continue reducing and would go below 5% by end of the financial year.</li> </ul>	
		<ul style="list-style-type: none"> <li>- Director COp has said the target is being achieved 96-96% according to the BP and if trend continue will be over achieved by end of the financial year. He also presented an analysis on following portfolio management indicators; <ul style="list-style-type: none"> <li>- Salary cost 51% of total operational expenditure which is below national standard and average.</li> <li>- Cost of fund 36% a little bit high due to fluctuation of payment schedule &amp; interest provision.</li> <li>- Admin cost is 11%.</li> <li>- Bank Liability is 61.71 cr. at present which is 17% of total fund. and</li> <li>- Organization has gained a Credit Rating "A" for long term and ST-3 for short term perspective.</li> </ul> </li> </ul>	
		<ul style="list-style-type: none"> <li>- Executive Director emphasized the following issues, those are; <ul style="list-style-type: none"> <li>- Increase operational monitoring from core operation and strengthening the audit activities.</li> <li>- Communicate Bank and BD finance for big funding arrangement.</li> <li>- Conduct a meeting with bankers and their officials to strengthen relations.</li> </ul> </li> </ul>	
04	Legal Issues (Case against staff and others) update.	<ul style="list-style-type: none"> <li>- Total 75 case running against the staff and member beneficiaries at the end of Nov 2021. COAST has been trying to set aside at least 11 case within short time where amount below 2.0 lac.</li> </ul>	
05	AoB	<ul style="list-style-type: none"> <li>- There were no discussion in this agenda.</li> </ul>	