

**Minutes of the 116<sup>th</sup> Executive Committee (EC) Meeting (face to face and virtual) of COAST Foundation held at COAST Foundation Principal Office on 29<sup>th</sup> September, 2022 at 10:30am**

**Member participated:**

1. Professor Tofail Ahmed PhD, Chairperson
2. Gawher Nayeem Wahra, Vice-Chairperson
3. Mostafa Kamal Ahmed, FCA, Treasurer
4. Jasmeen Sultana Paru, Member-EC
5. Jacob Kumar Sarker, Member-EC
6. Anjulika Khisa-Member, Member-EC
7. Rezaul Karim Chowdhury, Member Secretary (Executive Director, COAST)

**Agenda transacted:**

1. Review of the last 115<sup>th</sup> EC Meeting minutes
2. Internal audit findings report discussion from 29th Pre-EC Audit Meeting
3. MF Trend Analysis
4. Procurement Policy
5. Project Information Matrix
6. Status of Legal Action/Cases, Update
7. HRM Status Report
8. GRD and CRM report update
9. Medical Facilities Policy (revised)
10. Disability Inclusion Policy
11. Money laundering compliances of MRA
12. Any other business (AoB)

The Chairperson started the EC meeting with welcome note to all EC members and other COAST staff participants and remembering deeply who sacrificed their lives for the independence of the country in the National and Independence Day 2022. The Chairperson said that, by shedding blood of 3 million martyrs, disgrace of millions of mothers and sisters and nine-month war, Bangladesh got the independence. The spirit and slogan of the liberation war are Nationalism, Socialism, Democracy and Secularism to build a nation for establishing a democratic and non-exploitative society.

The major discussions and decisions of the meeting are as follows.

**1. Review of the last 115<sup>th</sup> Executive Committee (EC) meeting minutes held on 24/06/2022:**

- a. Gratuity Fund registration is important for Tax exemption on staff final payments. The Executive Director instructed the Director-Finance to initiate the process at earliest time.
- b. For promoting microfinance program, the annual dinner meeting with bankers also planned to host in September 2022. Treasure has advised to invite high officials of BB and MRA.
- c. Treasurer suggested to develop a yearly calendar to conduct refreshers workshop for accounts staff.
- d. Total 29 MF branch and 3 donor projects were audited during the period from Mar'22 to May'22. Major observations are, (i) Misappropriation of money, and illegal fund adjustment still happening, (ii) lacking found in respect of approval process, vendor selection, VAT & Tax deduction and deposit in due time, (iii) Informal syndications are observed among the borrowers in 10 branches among 29 branches where Tk. 7.38 lac has already been overdue, (iv) 3 donor project [A2JaC, UNHCR and ACCORD] were audited from Internal Audit section. Major observations are Lack following proper procurement process, misappropriation, over payment made, wrong posting of expenditure, and VAT/Tax have not been properly deducted and deposited in due time.
- e. The meeting has given thanks to MF Operation for showing good performance from July'21 to May'22 (11m). Meeting found that the member balance and borrower balance increased at satisfactory level. Also increased the loan portfolio, surplus (increased 137% from July'21-May'22), equity which supposed to cross the target that was set for the FY202-23. The meeting also appreciated for achieving credit rating "A" for long term and ST-3 for short term perspective. The meeting also expressed their concern on proper planning for overdue management and syndicate loan and needs appropriate forecasting for fund management, and financial possible risk.

- f. End of May 2022, the total budget utilization rate is 79% and end of June'22 it supposed to be reached 100%. Some of the expenditures have crossed the budgetary allocation those are office running cost, field travel, Radio Saikat establishment, and fuel & gas. Treasurer suggested to prepare next year plan considering the price hike and real needs. COAST has also paid VAT & Tax around Tk. 80.37 lac till May'22 and there are no any due since these are paying timely.
- g. The EC has approved the budget and business plan for the FY2022-23. The new year budget will be Tk. 1,204.20 crore (\$ 129.48 m) while the operating budget is BDT 102.82 crore (\$ 11.05 m) with the surplus of Tk.15.59 crore (\$ 1.68 m). Among this amount Tk.1126.61 (\$ 121.14 m) is involved with Revolving Loan Fund (RLF) like loan disbursement, repayment and cost of fund. Total budget has been increased 30% than that of FY2021-22. Here the program and administrative cost is 95% and 5% respectively.
- h. The Deputy Executive Director (DED) has presented the 6 policies as a part of revision and these are (i) Anti-Fraud and Bribery Policy, (ii) Complaint and Response Mechanism policy, (iii) Conflict of Interest Policy, (iv) Safe guarding policy, (v) Staff Security and Anti-Terrorism Policy, and (vi) Whistle Blowing Policy. The DED has presented the change matrix comparing with previous policies. The meeting reviewed the policies minutely and given approval for their execution.
- i. The EC has approved **S.K.Barua & Co. (Chartered Accountants)** for conducting external audit of COAST Foundation for the FY2021-22 as 3<sup>rd</sup> term auditor.
- j. The Secretary informed the meeting that COAST has been following the Money Laundering Act-2015 properly. The issue regarding money laundering, terrorist financing, smuggling and illegal drug issues are being discussed in each group meeting as well as staff meeting. These issues also mentioned in the passbooks so that the member participants can follow and be strict during spending their money taken from the organization.
- k. Where the Treasurer-EC proposed and the Chairperson-EC approved the minutes of 115<sup>th</sup> EC Meeting) held on 26<sup>th</sup> June, 2022 with the consent of all other EC members. The next 116<sup>th</sup> ECM will be held on 24<sup>th</sup> September 2022.

## 2. Internal audit findings report discussion

Director-IA&ME has presented the following major findings from internal audit section which was also discussed at 29<sup>th</sup> Pre-EC Finance & Audit Committee meeting, held on 28<sup>th</sup> Sep 2022.

### Microfinance:

- i. Total 34 MF branch and 04 donor projects are being audited during the period from June'22 to Aug'22. Major observations are,
- ii. Tk. 1, 71,671/- identified as misappropriation by 94 (44%) staff where 1, 71,329 are realized and Tk.342/- to be realized during final payment as staff are left the organization. No misappropriation found in one branch except other 33 branches. The meeting appreciated for this Zero misappropriation and suggested to explore the pricing system to encourage such exercise in the field
- iii. Staff are withdrawing members' savings by giving fake signature for adjusting loan outstanding. The Director-CP informed the meeting that for controlling fake signature at field level, a new register has been introduced for withdrawing savings where staff will take signature of members before transaction.
- iv. Four donor project [APFP, UNHCR, CJRF and PACE] are audited from IA section. Major observations are Lack of following approval process, inappropriate calculation of VAT and Tax and its deposition and incomplete register and documents. All are solved during audit.
- v. Treasurer suggested for arranging orientation course on financial management for accounts staff including PC/PM, strengthening follow up and monitoring in this regard.

## 3. MF Trend Analysis

The Director-Core Programs presented the Micro Finance trend analysis up to February, 2022, where major observations are;

- i. Total MF portfolio is stood on Aug'22 as Tk. 446.48 cr. and its trend is uprising and expected to reach around 475 cr. by the end of June'23.

- ii. Surplus is observed increasing which is 157% achievement than target end of Aug'22. From Jan'22 to Aug'22, MF program has made a net surplus of Tk.04.09 cr. Accumulated Capital fund is stood as Tk.62cr. in Aug 2022 which trend is also upwards.
- iii. PAR [Portfolio at Risk] is 7.50% is continue reducing after pandemic and would go below 5% by end of the financial year 2022-23.

**Director-CP** also presented an analysis on following portfolio management indicators

- iv. Salary cost 40% of total operational expenditure, which is below national standard and average.
- v. Cost of fund 25% a little bit high due to fluctuation of payment schedule & interest provision.
- vi. Administrative cost is 8%.
- vii. Bank Liability is 90.62 cr. at present which is 19% of total fund and
- viii. Debt to Equity" ratio is 6.20:1. Portfolio yield is 20.79% and Rate of Return is 3.69%. Based on the indicators, organization has gained a Credit Rating "A" for long term and ST-3 for short-term perspective.
- ix. The meeting has given thanks to MF Operation for this achievement and expressed their concern on proper planning for overdue management and syndicate loan and appropriate forecasting for fund management and financial possible risk.

#### **4. Organization Finance and Budget Variance**

The Director-FCC&EA has presented the financial position and budget variance up to May 2022, where major observations are,

- i. Up to May 2022, the total budget utilization rate is 79% and as cumulative, it is 40.65% comparing the percentage with total annual budget for the FY2021-22.
- ii. Some of the expenditures have crossed the budgetary allocation and these are Office running cost 105%, Travel 132%, Radio Saikat 124%, Fuel & Gas 178%, and General Medical support 240%.
- iii. The over expense has been made due to increase cost at all level and increased field visit for monitoring and others. The Treasurer suggested preparing next year plan considering the price hike and real needs.
- iv. The meeting appreciated that COAST has paid VAT & Tax around Tk. 85 lakh end of May'22 and there are no due in this regard since these are paying timely. COAST is expecting that end of June'22, the total VAT and Tax will around Tk. 95 lakh.

#### **5. Procurement Policy:**

**Director-FCC&EA** has presented the revised procurement policy to the meeting. He informed that the policy has been changed after almost 5 years and has been revised based on best practices of different donors' policy and other NGOs. He mentioned that, in to the new policy the (i) Procurement principles, (ii) Code of conduct of procurement committee and their responsibility (iii) Code of conduct of vendor, (iv) PSEAH (Protection from Sexual Exploitation, Abuse, and Harassment), (v) Child labor and other labor rights like health, environment, salary/wages from vendor's end, (v) approval threshold, (vi) Vendor evaluation process, (vii) Accountants responsibility, etc. have been mentioned elaborately.

He also mentioned that, 03 different workshops were conducted at field level (Bhola, Barisal and Cox's bazar) engaging MF, Operation and Donor projects staff for getting opinion as a part of participatory approach. A focal person also been introduced at Pr. Office for coordinating and checking the all procurement process before getting approval. The meeting gone through the policy minutely and has approved for its execution and opined that COAST may go for further changes if face any difficulties at the time of its execution.

#### **6. Project Information Matrix**

The Joint Director-Social Development and Communication presented the project information in the meeting. He mentioned that the organization is implementing 14 development projects where 7 projects are related to Rohingya and Host Community in Ukhiya and Teknaf. For these projects total approved fund is BDT 93.16cr, total received BDT 64.23cr and expense made BDT 61.00cr and the utilization rate is 95%. On the other hand, there are 2 projects are in pipeline named (i) Alternative Livelihood Development in Kutubdia, Cox's Bazar, MI-Germany and (ii) Aquaculture project by World-Fish which is supposed to started fro January'22.

The ED informed that a cold storage (15 ton capacity for fish preserving) is going to setup at Nazirertek, Cox's Bazar under the project SEP-PKSF. At the time of its inauguration, the Chairperson-EC will be invited to be

presented there. The Chairperson also suggested mentioning the COAST name in respect of marketing dry-fish from Cox's bazar to Dhaka and all over Bangladesh as a part of branding.

#### **7. Status of Police Cases:**

Director-Admin &SR gives an update on legal procedures [Case running against staff and members]. He mentioned that there are in total 78 cases running where claimed money is around Tk.99.32 lakh end of September'22 and during this time, total 12 legal cases are resolved of which amount was Tk.46.43 lakh. From Oct-Dec'22, total 09 no legal cases are planned to resolve. ED has advised to increase contact with them in order to set-a-side the cases giving some reduction

#### **8. HRM Status Report**

The Deputy Executive Director presented the status of HRM report up to August'22. Total staff no was 1379 where male-female ratio was 69:31. Among them core staff number is 910, non-core staff number is 134 and staff number in Rohingya projects is 335.

#### **9. Gender Relation Development and CRM response mechanism Update**

Deputy Director- Gender, Training & Community Radio (Ms. Rume) has presented the gender status and Complaint Response Mechanism report end of September'22. She informed the meeting that, Last 03 months it is received several complaints such as misbehavior, no menstrual leave in some cases, no separate toilet in some branches, gender insensitive wording or behavior, beating by program participants, disgraceful behavior, extra marital relation etc. from different parts of the organization.

All complaints had been attended and resolved. Verbal and written notice, suspension, delivery services to the member participants after receiving complaints, required investigating under way were taken as mitigation. The Chairperson has suggested presenting the report by focusing beneficiaries in order to know how they have benefited from this activities and what its impact at beneficiary level from next meeting.

#### **10. Disability Inclusion Policy:**

The Deputy Executive Director presented the COAST Disability Inclusion Policy 2022. The policy has been prepared through the participation of all staff in all levels. The house requested to orient the policy with the staff and to start its implementation. And then the meeting approved the policy anonymously.

#### **11. Money laundering compliances of MRA**

The Director-FCC&EA informed the meeting that COAST is following the Money Laundering Act-2015 (amendment) properly until the date. The issue regarding money laundering, terrorist financing, smuggling and illegal drug issues have been discussion in each group meeting as well as staff meeting. These issues also mentioned in the passbooks so that the member participants can follow and be strict during spending their money taken from the organization.

The Director-FCC&EA also mentioned that there are no any illegal financing has been reported for money-laundering, terrorist financing, smuggling, illegal drug and any other illegal engagements in respect of MF operation (for loan disbursement, loan realization, members savings collection and other transactions), donor funded projects (fund receiving and its utilization) and other operation of COAST Foundation.

#### **10. AoB :**

The decision has been taken that the next 29<sup>th</sup> Pre-EC Audit and Finance-monitoring Meeting will be held on 23<sup>rd</sup> Dec'22 and the 117<sup>th</sup> EC Meeting will be held on 24<sup>th</sup> December, 2022 in person.

Having no other discussions, the Chairperson concluded the meeting with the vote of thanks.

Prepared by

M Rezaul Karim Chowdhury  
Member Secretary and  
Executive Director, COAST Foundation

30 September, 2022

Approved by

Professor Tofail Ahmed, PhD  
Chairperson  
COAST Foundation