

Minutes of the 117th Executive Committee (EC) Meeting (face to face and virtual) of COAST Foundation held at COAST Foundation Principal Office on 24th December 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. Anjulika Khisa-Member, Member-EC
5. Rezaul Karim Chowdhury, Member Secretary (Executive Director, COAST)

Agenda transacted:

1. Review of the last 116th EC Meeting minutes
2. Internal audit findings report discussion from 30th Pre-EC Audit Meeting
3. New Salary Structure
4. MF Trend Analysis
5. Financial Report and Budget Variance
6. Project Information Matrix
7. Status of Legal Action/Cases, Update
8. HRM Status Report
9. GRD and CRM report update
10. Money laundering compliances of MRA
11. 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 eve of Victory Day 2022.

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

1. Review of the last 116th Executive Committee (EC) meeting minutes held on 29-September, 2022:

- a. Total 34 MF branch and 04 donor projects were audited during the period from June'22 to Aug'22. Major observations are, (i) Misappropriation of money, and illegal fund adjustment with members savings through fake signature still happening, (ii) Mistake happening in respect of VAT & Tax deduction and deposit in due time, (iii) Informal syndications of loan still happening, (iv) For donor projects, major observations are, Lack following proper procurement process as per policy, wrong posting of accounting (income & expense), and weakness on VAT/Tax calculation, deduction and its deposit in due time.
- b. The meeting has given thanks to MF Operation for showing good performance from July'21 to Aug'22 (8m). Meeting found that the member balance and borrower balance increased at satisfactory level. Also increased the loan portfolio, surplus, equity which supposed to cross the target that was set for the FY202-23. The meeting also expressed their concern on proper planning for overdue management and syndicate loan and needs visible action on internal audit findings.
- c. End of August 2022, the total budget utilization rate is 28% and end of June'23 it supposed to be reached 100%. Some of the expenditures have crossed the budgetary allocation those are office running cost, field travel, refreshment, and fuel & gas. Treasurer suggested to prepare next year plan considering the price hike and real needs. The board has appreciated for regularization of VAT and Tax management i.e. deducting and depositing in time.
- d. The meeting has approved the new procurement policy which has reviewed after almost 5 years. The policy has been revised based on best practices of different donors' policy and other NGOs. The major inclusion of the policy are (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.
- e. The organization is implementing 14 development projects where 07 projects are related to Rohingya and Host Community in Ukhiya and Teknaf. The meeting has suggested to increase more donor projects including overhead and management cost to cover-up other non-MF expense in the organization.

- f. The meeting has suggested to speed-up the Gratuity Fund registration and the Director-FCC&EA informed that the registration will be completed by the end of February, 2023.
- g. The Treasurer suggested to set-aside ongoing COAST-NBR audit issues. The ED, COAST informed the meeting that COAST will meet with the DTC (Deputy Tax Commissioner) at the last week of January 2023 in this regard. COAST is also trying to solve the matter as soon as possible.
- h. 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.
- i. Where the Treasurer-EC proposed, and the Chairperson-EC approved the minutes of 116th EC Meeting held on 29th September, 2022 with the consent of all other EC members. The meeting also set the next 117th ECM date for 24th December 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 30th Pre-EC Finance & Audit Committee meeting, held on 23rd December 2022.

- i. Total 29 MF branch and 05 donor projects are being audited during the period from Sep'22 to Nov'22. Major observations are,
 - ii. Tk. 1, 96,418/- identified as misappropriation by 85 (45%) staff where 1,59,003/- are realized and Tk.37,415/- to be realized during final payment as staff left the organization.
 - iii. Director-CP has briefed and clarified on big amount of misappropriation that happened at Hnila and Morichha branch offices and thereby necessary actions have been taken against them. On the issues of controlling fake signature at field level, new register has been introduced for withdrawal saving where staff will take signature of the respective members before transactions.
 - iv. Five donor projects [A2Jac, TOGETHER, ERBCR, CJRF and ACCORD] are audited from Internal Audit section. Major observations are procedural especially lack of following approval process, inappropriate calculation of VAT and Tax and its deposition and incomplete register and documents. All are solved during audit time.
 - v. The Treasurer again suggested for arranging orientation course on financial management for Accountants and PC/PM for strengthening follow up and monitoring of financial issues and compliances.

3. New Salary Structure-2023

Director-CP presented a new salary structure 2023 of the organization, which has been reviewed after 6 years (last reviewed and effect from January 2017). The major features of the proposed salary structure are as follows,

- Two new structures for two positions have been included which are Joint Director and Deputy Executive Director.
- In the new structure, the other allowances on basic salary will be (i) House rent 60%, (ii) Entertainment 30%, (iii) Conveyance 30%, (iv) Communication 20% for Pr. Office. On the other hand, at Field office, it will be (i) House rent 50%, (ii) Entertainment 25%, (iii) Conveyance 25%, (iv) Communication 20% on basic salary.
- The major aspect of salary structure is 21% increment in average. The highest annual increment rate will be 13% for lowest grade level (CSO/Guard/Gardener level) and the lowest rate will be 8% for highest grade level (for Executive Director). The lowest and highest-grade salary ratio will be 1:8.
- Tk.6.34 crore new liability [long term liabilities] will be waived for COAST in 2023 as the structure didn't consider increasing the basic salary for the year 2023.
- For increasing the salary, average monthly expenditure will be increased Tk.53 lakh (Field Tk.47 lakh and PO Tk 6 lakh) and yearly net income will be Tk. 27.45 crore (after covering the extra cost of salary and benefits) despite the target of Business Plan of FY2022-23 is Tk.15.47 crore.
- The meeting thoroughly reviewed the proposed structure like its financial impact, surplus/deficit, capital fund, and fund management. After reviewing the structure while the Treasurer-EC proposed, the Chairperson-EC has approved it after taking concern of all other EC members. The Chairperson said that due to this new structure, the staff dropout will be more decreased, and commitment will be increased.

4. MF Trend Analysis

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

- i. Total MF portfolio stands on Nov'22 as Tk.497.20 cr. and its trend is uprising and expected to reach 500 cr. by the end of December, 2022.
- ii. Surplus is observed increasing which is 323% achievement than target end of Nov'22. From July'22 to Nov'22, MF program has made a net surplus of Tk.12.28 cr. Accumulated Capital fund stands Tk.70.23cr. in Nov'22 which trend is also upwards.
- iii. PAR [Portfolio at Risk] is 6.63% is continue reducing after pandemic and would go down 5% by end of the financial year 2022-23.

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

- iv. Salary cost 34% of total operational expenditure, which is below national standard and average.
- v. Cost of fund 23% a little bit high due to fluctuation of payment schedule & interest provision.
- vi. Administrative cost is 8%.
- vii. Bank Liability is 99.12 cr. at present which is 19% of total fund and
- viii. Debt to Equity" ratio is 5.93:1. Portfolio yield is 21.80% and Rate of Return on Asset is 6.37%. Based on the indicators, organization has gained a Credit Rating "A" for long term and ST-3 for short-term perspective with stable outlook.
- ix. COAST has made agreement with bKash for MFS [Mobile Financial Services] for its repayment collection from migrated borrowers. Treasurer advised to explore the opportunity to work with merchant payment system for MFS and better options.
- x. 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 Nov'2022, the total budget utilization rate is 80%, and as cumulative it is 34% comparing the percentage with total annual budget for the FY2022-23.
- ii. Some of the expenditures have crossed the budgetary allocation and these are medical cost 232%, utilities 137%, Honorarium 103%, Travel 150%, and Fuel & Gas 139%.
- iii. The over expense has been made due to increase cost at all level and increased field visit for monitoring. Treasurer advised to revise the budget following its expenditure trend to make it effective and without variance. Also advised preparing next year plan considering the price hike and real needs.

5. Project Information Matrix

The Joint Director-Social Development and Communication presented the project information in the meeting. He mentioned that the organization is implementing 15 development projects where 6 projects are related to Rohingya and Host Community in Ukhiya and Teknaf. For these projects total approved fund is BDT 95.67cr, total received BDT 72.05 cr and expense made BDT 66.80 cr and the utilization rate is 91%. On the other hand, one project is in pipeline named "Aquaculture project by World-Fish" which is supposed to started from Feb'22 and other two projects (i) FO4AP, funded by IFAD and (ii) Alternative Livelihood Development in Kutubdia, Cox's Bazar, MI-Germany have been started from Jan'23.

7. Status of Police Cases:

Director-Admin & SR gave an update on legal procedures [Case running against staff and members]. He mentioned that there are in total 83 cases running where claimed money is around Tk.99.51 lakh end of Dec'22 and during this time, total 15 legal cases are resolved of which amount was Tk.49.86 lakh. From Jan-Mar'22 (3m), total 8 legal cases are planned to resolve. ED has advised to increase contact with them in order to set-aside the cases giving some reduction.

8. HRM Status Report

The Deputy Executive Director presented the status of HRM report up to Nov'22. Total staff no is 1381 where male-female ratio is 68:32. Among them core staff number is 910, non-core staff number is 131 and staff number in Rohingya projects is 340.

9. Update of Gender Relation Development and CRM (Complaint Response Mechanism)

Joint Director- Gender, Training & Community Radio presented the gender status and Complaint Response Mechanism report end of November, 2022. She informed the meeting that, during this period 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, disgraceful behavior, etc. from different offices of the organization.

Apart, there are some complaints came from female Rohingya teachers like (i) they are not getting salary regularly, (ii) they are suspended without proper reason, (iii) disgraceful behavior, (iv) low quality education materials, and (v) lack of necessary training, etc. She also informed the meeting that all complaints are attended and resolved. The Chairperson has suggested presenting the report by focusing beneficiaries in order to know how they have benefited from these activities and its impact at beneficiary level from next meeting.

10. Money laundering compliances of MRA

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

The Director-FCC&EA also mentioned that there are not any illegal financing 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.

11. AoB :

The decision has been taken that the 31st Pre-EC Audit and Finance Monitoring Meeting and 118th EC Meeting will be held on 17th and 18th March, 2023 respectively 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-December 2022

Approved by

Professor Tofail Ahmed, PhD
Chairperson
COAST Foundation