

Minutes of the 123rd Executive Committee (EC) Meeting (Face to Face and Virtual) of COAST Foundation held on 27th April 2024 at 14h30 (2:30 pm)

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 (Through Zoom)
5. M Rezaul Karim Chowdhury, Member Secretary (Executive Director, COAST Foundation)

Agenda transacted:

1. Review of 122nd ECM minutes held on 17 November 2023
2. Internal audit findings report discussion
3. Revision of Memorandum of Association
4. Revision of HR Policy
5. Revision of Finance Policy
6. MF Trend Analysis [up to March 2024]
7. Financial Report and Budget Variance
8. Project Information Matrix
9. Central Organogram FY2024-25
10. External Audit ToR for FY2023-24 (Draft)
11. Preparation for next AGM in June 2024
12. Gender and CRM report status
13. Update on strategic planning and rolling revision.
14. MFS Audit observation and transaction digitalization
15. Money laundering compliances of MRA
16. Any other Business (AoB) :
 - Agreement renewal of Cox's Baz Centre Office
 - ENRICH program evaluation.

The Chairperson started the meeting with a welcome note to all EC members and other COAST staff participants and also a special mourning was observed for the death of the father of Mostafa Kamal Akanda (Director-Admin & SR). Due to the sickness of Jasmeen Sultana Paru (Member-EC) and Anjulika Khisa (Member-EC) did not participate in the meeting. Both of them mentioned that, whatever the decision will be taken in this meeting, they will have the full support.

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

1. Review of the last 122nd Executive Committee (EC) Meeting Minutes:

- i. The Director-ME&IA informed that 95 MF branch and 02 donor project are audited during the period from June to October 2023. Total Tk. 2,55,164/- identified as misappropriation by 49 staff where tk. 2,12,495 is realized. The rest of the amount Tk.42,699/- will be realized from the final payment. Apart, 04 donor projects were also audited. Audit has not identified any financial misappropriation during audit. Besides, a few observations are procedural especially lack of following the approval process and updating the documents. All are solved during the audit. The Treasurer suggested orienting the accounts staff, strengthening follow up and monitoring in this regard.
- ii. The Director-Core Program presented the Micro Finance Trend Analysis up to October 2023. At the end of Oct'23 total branches are 125 after opening 10 new branches in Comilla. Total members are 1.62 lakh and loanee/borrower is 1.31 lakh. Total loan portfolio stood Tk.541.80 crore. From July-Oct'23 (by 4m) net surplus made Tk.3.30 cr and the accumulated surplus/Capital fund is stood as Tk.97.88 cr which is 10% excess than in the capital of end of July'23. Due to increasing the overdue, the Chairperson instructed to give emphasis for arresting overdue with group support.
- iii. The Deputy Director-FM&C presented the budget variance report from July-Sep'23. Expenditure made around 93% against the estimated annual budget of the same period and 20.9% compared with yearly budget. The amount crossed the estimated budget lines are Utilities [115% due to purchased 02 Air

Condition machine], advertisement [358% recruitment & replacement], and Fuel & Gas [134% as vehicle run mostly with Octane].

- iv. The Secretary informed that due to change the audit approach and strategy, the optimum result is coming through especially for MF audit and its program development. The meeting appreciated this steps.
- v. In respect of HR Policy revision, the sub-committee consisting of 02 members from EC (Vice-Chairperson and Treasurer, EC) and still under process for revision.
- vi. The Treasurer still reviewing the Finance Policy and manual and will be given his final comments by November 2023.
- vii. The Secretary informed the meeting that COAST will be funding a non-formal primary school located at Khuruskul, Cox's bazar from its own fund for its technical support (materials, teacher, ect.) and some operational cost as well. The meeting appreciated the initiative and given consent for its execution.
- viii. The Secretary informed that COAST has achieved a prize for promoting pesticide free dry-fish form PKSF as a part of participation in a fair organized by PKSF (for SME and others).
- ix. In respect of meeting minutes approval, the Treasurer-EC proposed, and the Vice-Chairperson supported, the Chairperson finally approved the minutes.

2. Internal audit findings report discussion

Director-IACCA&EA has presented the major findings from internal audit section as follows,

Microfinance:

- Total 56 MF branch and 04 donor project are audited during the period from Nov'23 to Feb'24.
- Tk.63.42 lakh identified as misappropriation by 89 (25%) staff where tk.4.08 lakh is realized. Rest of the Tk.59.33 lakh will be realized from the final payment as these staff left the job. IA section now focusing to audit the financial system practiced in the branches including different ratio analysis.
- Apart some traditional irregularities like lack of procedural practice in loan disbursement and savings transaction, fake sign etc. are common observation but solved instantly during the audit.
- The ED informed the meeting that for this big amount of misappropriation, the mid-level staff (PO + Field) were not accountable for their activities. Besides, 25% of staff (region wise) not transferred internally as per transfer policy.
- The present HR software does not reflect the staff transfer information. The ED informed that due to staff shortage and other operating problem, the software could not make updated. Now proper steps have been taken by increasing manpower and will be updated by May'24.
- In order to strengthen the monitoring and controlling over program, the ED has briefed the segregation of duties among the senior staff especially for the position ED, DED, and Directors.

Projects:

- Four donor projects [UNICEF-Education and UNICEF-SCP, Cox's bazar and Bhashan Char] are audited from IA and finance section. Audit has not identified any financial misappropriation during audit.
- A few observations are procedural especially lack of following the approval process and updating the documents. All are solved during the audit.
- The Treasurer suggested orienting the accounts staff, strengthening follow up and monitoring in this regard.

3. Revision of Memorandum of Association

The Secretary informed the meeting that the final draft of MoU/constitution is completed with a cooperation of EC members and it will finally be approved in next AGM suppose to be held on June'24

4. Revision of HR Policy

In respect of HR Policy revision, the sub-committee consisting of 02 members from EC (Vice-Chairperson and Treasurer, EC) will sit together at COAST Pr. office on 12-May'24 for its finalization.

5. Revision of Finance Policy

In respect of finalization of Finance Policy and manual, the Treasurer already given his comments there and accordingly Director-IA & CEA will make it final by 15-May 2024 and will submit it to ED, COAST. The ED later on will submit it to the Chairperson-EC for final approval.

6. MF Trend Analysis

The Director-Core Programs presented the Micro Finance trend analysis up to March, 2024, where major observations are;

- i. At the end of March'24, total branches are 125 after opening new 10 branches in Comilla. Total member is 1.75 lac and Loanee is 1.40 lac (80% of member).
- ii. Total MF portfolio end of March'24 Tk.577.26 cr which was tk.541.80 cr end of Oct'23 i.e. 7% increased by 5 months. It should be more considering portfolio.
- iii. Surplus is observed increasing during this financial year. From July'23 to Mar'24 i.e. by this 9 months MF has made a net surplus of Tk.24.30 cr which.
- iv. End of Mar'24, the accumulated surplus/Capital fund was Tk.110.35cr which was Tk.97.88cr end of Oct'23.
- v. End of Oct'23 the Portfolio at Risk [PAR] is 9.58% which was 6.4% end of July'23. It is indicated that the overdue is increasing. End of Mar'24 total OD is Tk.43.25cr which is increased Tk.14.96 cr (53%) than end of June'23 OD balance (Tk.28.29cr). The meeting has advised to give highest emphasis on arresting OD.
- vi. End of Mar'24, total liability is Tk.463cr where bank liability is Tk.127.12cr, Members savings Tk.214.45cr, and PKSF Tk.83.09cr.
- vii. 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.
- viii. The meeting also instructed to present (i) area wise drop-out information, and (ii) overdue trend information in should be in amount/Taka apart from PAR percentage from next meeting.

7. Financial report and Budget variance analysis

DD-FM&C has presented the budget variance report on July'23 to March'24 (9m) in to the meeting.

- Expenditure was around 91% against the estimated annual budget for July'23-Sep'24 period and 67% compared with yearly budget (12m vs 9m).
- All operational expenses against the budget are below 100% for this 9months except Cox's bazar Operation which is 120%. It happened due to transferring a position Head-MEAL from UNHCR-ISP project to Cox'B Operation as salary was charged from operation.
- The amount crossed the estimated budget lines are Refreshment: 170% [Due to dinner party for all GC members including family], Legal and Audit Fee [Due to Tk.7.68 lac was deposited to Govt. treasury for final settlement of Income tax case.], Advertisement: 267% [02 ad. published for recruitment which was not included in yearly budget], and Fuel & Gas: 119% [Due to increase price of LPG gas and octane and increase vehicles movement].

8. Project Information Matrix:

The Director- Partnership & Dev. Com. presented the project information in the meeting. He mentioned that the organization is implementing 11 development projects where 04 projects are related to Rohingya and Host Community in Ukhya/Teknaf and Bhashan Char. For these projects total approved fund is BDT 95.67cr, total received BDT 72.05 cr and expense made BDT 69.68 cr and the utilization rate is 80%. On the other hand, one project is in pipeline related to Fisherman Rights funded by "Vitol Foundation, USA" with an estimated amount of 2.5 cr which is supposed to started from Sep'24. The meeting has expressed their concern for decreasing donor projects which was 15 nos as per last ECM held on Nov'23.

9. Central Organogram:

The DED presented the central office organogram for the year 2024-25. The meeting suggested including 02 boxes before the position of ED, and these are EC and GC. Besides, the meeting advised not to set more than 4/5 position under a one person/position. Because some positions have supervisory relations of 07 positions at central level. The meeting also suggested including a box as "ED's Office" where 2/3 staff will be there for assisting and coordinating ED's for different activities for strengthening monitoring and follow-up matters. The revised organogram will be presented in next ECM.

10. External Audit ToR discussion:

The Director-IACEA&C has presented the draft ToR for appointing external auditor of COAST Foundation for the year FY2023-24. The Treasurer informed the meeting that last year auditor was S.F.Ahmed & Co and it was their

1st year audit and they have performed the audit professionally and given the report timely. As COAST has practice to continue at least 03 years with an auditor and based on their performance and satisfaction, COAST may consider again to appoint S.F.Ahmed & Co as 2nd term auditor for the year FY2023-24. The meeting provisionally approved SF Ahmed & Co as external auditor and instructed Director-IACEA&C to discuss more with the Treasurer for finalizing ToR and the 2nd year audit fee. The final approval will be given in the next AGM in June'24.

11. Preparation for next AGM in June 2024:

The Secretary (ED-COAST) has proposed the date of next ECM and AGM. For ECM the proposed date is 28-June'24 and for AGM date will be 29-June'24. The Pre-EC Finance and Audit Meeting date will be fixed after discussion with the Treasurer in middle of June'24. The ED informed the meeting that in the AGM the annual (i) Approval of Plans & Budget for the year 2024-25 (including MF Business Plan), (ii) Approval of External audit report for FY2022-23, (iii) Approval of appointing external auditor for the FY2023-24, and (iv) Selection of new EC members since the tenure (3yr) of some of the positions is expired as per MRA rules. The ED has instructed Director-IACEA&C to assist JD-FM&C for preparing the annual budget and fund management.

12. GRD and CRM report:

JD-GH&CR presented the complaint status from the staff and program participants end of 26-April 2024. She said that, it has been received several complaints such as child abuse, misbehavior, gender insensitive wording or behavior, beating by program participant, disgraceful behavior, extra marital relation, financial irregularities etc. from different parts of the organization. All complaints have been attended to and resolved. Verbal and written notice, suspension, dismissed were implied against the perpetrators. Also, delivery services to the member participants after receiving complaints, required investigating under way were taken as mitigation.

13. Update on strategic planning and rolling revision

The meeting has decided to discuss the strategic planning and rolling revision in next ECM. The meeting also suggested to consider some issues in the plan like (i) Digitalization, (ii) Climate Change issue, (iii) Water body and channelizing water from river/cannel for surface water, etc. The meeting also suggested COAST to them as pioneer at Digitalization and Climate issues.

14. MFS Audit observation and transaction digitalization

The ED informed the meeting that a special audit will be executed for verifying the transaction of MFS (Mobile Financial System) by MF staff. In this regard a format has been developed by the IA section and will do experiment audit at 02 MF br. in Bhola. After learning from this audit, the same audit will be conducted at all branches.

The ED also informed the meeting that at present the MF staff doing MFS transactions informally and necessary steps have been taken for make it formal like,

- Every branch will have a corporate SIM where all group member will send the savings and loan installment rather than staff individual no.,
- All CDO will have declared GP official no, where group members will be communicating with CDO/BM,
- Developing present software (PC Link) for MFS operation, and
- Discussion with the MFS service provider (Bkash, Nagad, Upay, Roket, etc) for corporate agreement for its operation with low service charge by using COAST Apps. The meeting appreciated the initiatives and hereby expected that it will reduce the money misappropriation at branch level.

9. Money laundering compliances of MRA

The Director-IACEA&C 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-IACEA&C also mentioned that there is 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.

10. Any other business (AoB)

- i. Reference to the decision of last EC meeting the Treasurer has been engaged to coordinate and fix the renewal of COAST Cox's Bazar Centre as a part of conflict of interest. He informed the meeting that the process has been maintained professionally and neutrally. The process are (i) committee formation, (ii) market study and committee report, (iii) report evaluation by the senior staff (Director to DED) and the Treasurer, (iv) monthly rent fixing with a discussion of house owner, (v) agreement for next 03 years @Tk1.50 lakh as monthly rent for total 05 stored building with garage facilities. The meeting given thanks to the Treasurer for settling the rent and renewal issue for next 03 years.
- ii. JD-MEAL&R has resented the internal evaluation report of ENRICH (Enhancing Resources and Increasing Capacities of Poor Household) into the meeting. The highlights of the report are as follows:

The project is supported by PKSF, began in 2014 in Kutubdia, Cox's Bazar and is expected to end in 2024. The project has reached 5,452 families, comprising a total of 31,000 people. Its primary objectives were to reduce poverty, promote gender equality in primary and secondary education, contribute to achieving the Sustainable Development Goals (SDGs), and improve the livelihoods of the poor.

The project established 50 enriched houses, equipped with vegetable gardens, vermicompost plants, duck and chicken rearing, and fish farming. This led to an average increase in family income of Tk. 5,000 to 6,000 per month. The project also installed 21 deep tube wells, with each tube well serving about 400 families. In total, 8,400 families now have access to clean drinking water.

The project rehabilitated eight beggars, six of whom are now engaged in income-generating activities such as running grocery shops. Also provided healthcare services to the poor community, including diabetes tests for 3,203 people, five eye camps that conducted cataract surgeries for 165 people, and ENT services for 1,738 people through 18 health camps, 2,079 static clinics, and 433 satellite clinics. These services benefited about 31,000 people on the island.

The meeting expressed their satisfaction on overall performance of the project and its impact at local level and hereby instructed to keep communication with PKSH for its continuation after 2024.

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

Prepared by

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

Approved by

29 April 2024

Professor Tofail Ahmed, PhD
Chairperson
COAST Foundation