

**Minutes of the 119<sup>th</sup> Executive Committee (EC) Meeting (face to face and virtual) of COAST Foundation held at COAST Foundation Principal Office, Shyamoli, Dhaka on 8<sup>th</sup> April, 2023 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 118<sup>th</sup> Executive Committee (EC) Meeting minutes
2. Internal audit findings report discussion from 31<sup>st</sup> Pre-EC Audit Meeting
3. MF Trend Analysis
4. Budget Variance Analysis
5. Project Information Matrix
6. HRM Status Report
7. GRD and CRM report up to Feb'23
8. Legal Action/Cases status
9. New member inclusion in GC
10. KPMG, ToGETHER project
11. Management issues of ED and Chairperson
12. Money laundering compliances of MRA
13. Any other business (AoB)

The Chairperson started the meeting with welcome note to all EC members and other COAST staff participants. The major discussions and decisions of the meeting are as follows.

**1. Review of the last 118<sup>th</sup> Executive Committee (EC) meeting minutes held on 21<sup>st</sup> January, 2022:**

- a. The board approved the new salary structure 2023 that has been reviewed after 6years. In that structure two new positions have been included and these are Joint Director and Deputy Executive Director. The meeting also discussed the position wise salary fixation complying with new structure and comparing with previous structure. The following methodologies were considered for preparing the new salary structure.

- Review of salary structure (Last 2017)
- Comparative salary with peer organization
- Existing and proposed salary placement
- Income and expenditure analysis
- Inflation Adjustment

The major aspect of new salary structure is 21% increment in average for the year of 2023. Then from 2024 the highest annual increment rate has been considered 13% for lowest grade level (CSO/Guard/Gardener level) and the lowest annual rate will be 8% for highest-grade level (for Executive Director). The lowest and highest-grade salary ratio will be 1:8. After fixing and increment of the salary as per new structure, the average monthly salary has been increased 19.9% (Operation- 21% and MF-Field- 19%) from Jan'23.

- b. The meeting also approved the COAST Promotion and Transfer Policy, 2023 and its criteria will be,

- Fluent English Proficiency with report writing.
- Presentable to the external affairs
- System developing capacity.
- Conduction of research independently
- Can direct and manager the works from others.
- Involvement in organizational strategic issues
- Satisfactory performance in the present position (It will be based on appraisal)
- Have visibility in the meetings/seminars/workshops at national and international level
- Analytical capacity on risk assessment of reputation for self and organization
- University degree for senior positions (AD:ED)

  
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Apart, time discipline, advance plan and self-management will be the criteria for all positions. The promotion will be applicable if the job duration in the present position exceeds 3-5 years in case of lateral entry subjects to the vacant of the positions.

- c. After presenting the COAST Principal Office Organogram-2023, the meeting approved it after its review and discussion. It was discussed that the number of ED position is one, DED is one, Director is 4, Joint Director is 3, Deputy Director is 3, Assistant Director is 9. Total 41 staff is in Principal Office. Total 5 staff have been promoted from Head to Assistant Director and 3 from Assistant Director to Deputy Director.
- d. COAST has been following the Money Laundering Act-2015 properly. There are no any case of illegal functions like money laundering, terrorist financing, smuggling, illegal drug issues, and other illegal business at COAST.

## 2. Internal audit findings report discussion

Director-ME&IA has presented the following major findings from internal audit section, which was also discussed at 31<sup>st</sup> Pre-EC Finance & Audit Committee meeting, held on 31<sup>st</sup> March 2023.

Total 37 MF branch and 02 donor projects are being audited during the period from Dec' 22 to March'23. Major observations are,

- i. Tk.7,74,140/- identified as misappropriation by 101 staff (42%) where Tk.3,59,958/- are realized and Tk.3,78,222/- need to be realized. Two staff are embezzled the major amount Tk.5,24,392/- where Tk.1,52,600/- realized from one staff named Faruk Hossain and one case has been filed against another one staff as he left the organization.

The Director-CP has brief and clarified on big amount of misappropriation happened [Dagon Bhuiya and Kutubdia Sadar Br.] by the staff. Based on the discussion the Treasure and ED suggested the following,

- Software security system need to be rechecked and option explore to strengthen security.
- BM roles need to enhance through monitor and approval of using software by the BA.
- System Trail [any change, delete, edit or rectification over data] need to be monitored regularly and be audited by the audit section through forensic audit.
- Software activities will be included under Area Manager for monitor/checking system regular basis.

The ED also suggest to investigation on the issue of Countervailing effect and AM role regarding for such misappropriation. The Treasurer opined that such case might encourage the miscreants to do this again if uncontrolled. The Vice-Chair advised to give letter to all MF branches by letting them know how the occurrence has happened and what will be actions in this regard. Mr. Jacob Kumar Sarker (Member-EC) has suggested filing a case to give him and others a lesson to be refrained from such activities.

- ii. Two donor projects (UNICEF Education and Small-Scale Aquaculture) are audited from Internal Audit section. Major observations are procedural especially lack of following approval process, Post Facto approval and incomplete register and documents. All are solved during audit.

## 3. MF Trend Analysis

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

- i. At the end of Feb 2023, total branches are 110. Total member in MF program is 1.58 lac and number of loanee is 1.33 lac (84% of member). Performance trend observed as satisfactory growth as per target during the financial year.
- ii. Total MF portfolio is stand on Feb'22 as Tk. 509.20 cr. Income over the period is 71.00 corer and Expenditure made as 51.56 corer at the same time. Rate of Surplus 27%.
- iii. Surplus is observed increasing trend [231% achievement than target] during this financial year. From Jul to Feb 2023 financial year, MF program has made the net surplus as 192.45 cr.
- iv. Accumulated Capital fund is stand as tk. 77.40cr. in Feb 2023.
- v. PAR [Portfolio at Risk] is 6.63% is continue reducing after pandemic and would go below 5% by end of the financial year.

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

- i. Salary cost 34% of total operational expenditure which is below national standard and average.
- ii. Cost of fund 20% a little bit high due to fluctuation of payment schedule & interest provision.
- iii. Admin cost is 8%.

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- iv. Bank Liability is 74.48 cr. at present which is 14% of total fund. and
- v. Debt to Equity" ratio is 5.45:1. Portfolio yield is 22.70% and Return on Asset is 6.26%. Based on the indicators, organization has gained the Credit Rating "A" for long term and ST-3 for short-term perspective with stable outlook.

#### 4. Financial Trend and Budget Variance

The Director-FCC&EA has presented the financial position and budget variance from July'22 to Feb'23 (8m), where major observations are,

- Expenditure made around 61% against estimated annual budget with the expense July'22-Feb'23 period (8m) and 100% against the eight-month budget vs expense. It is expected that after end of the year i.e. end of June'23 the budget vs expenditure will be 100%.
- The amount crossed the estimated budget lines are medial [237%], Utilities [133%] Refreshment [358%, Travel [157%] and Fuel & Gas [143%].

The Treasurer advised to revise the budget following its expenditure trend to make it more effective.

#### 5. Project Information Matrix

The Deputy Executive Director has presented the project information end of March'23 in the meeting. He mentioned that the organization is implementing 13 development projects where 5 projects are related to Rohingya and Host Community in Ukhiya and Teknaf. For these projects total approved fund is BDT 85.69cr, total received BDT 68.04cr and expense made BDT 66.89cr and the utilization rate is 98%.

Apart, there are 3 projects are in pipeline named (i) Ensuring Early learning and Informal Basic Education for Children of Forcibly Displaced Myanmar Nationals in Cox's Bazar, by UNICEF, (ii) Strengthen Protective Environment for Children and Adolescent (SPE) Project in Ukhiya camps and (iii) Bhashanchar camps by UNICEF

The ED informed that a cold storage (15 ton capacity for fish preserving) is going to setup at Nazirtek, 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.

#### 6. HRM Status Report

The Deputy Executive Director presented the status of HRM report up to March'23. Total staff no was 1416 which is .6% excess that Jan'23 and the where Male-Female ratio was 68:32. Among them core staff number is 942, non-core staff number is 109 and staff number in Rohingya projects is 340.

#### 7. Gender Relation Development and CRM response mechanism Update

Joint Director- Gender, Training & Community Radio has presented the gender status and Complaint Response Mechanism report end of March'23. She informed the meeting that, Last 3 months it is received complaints such as force physical relation, misbehavior, not providing child allowance, no menstrual leave in some cases, etc. from different parts of the organization.

All complaints have 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 to present 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.

#### 8. Status of Police Cases:

Director- Admin & SR gave an update on legal procedures [Case running against staff and members] up to Mar'23. He mentioned that, as on the end of Mar 2023, there are 104 case are running. During the last quarter, 34 new cases added and 10 cases have reached under solution. New cases are filed against the member beneficiaries as they became loan defaulters. Total 14 cases are under negotiation process and these are supposed to be ended by June 2023. ED has advised to increase contact with them in order to set-a-side the cases even some losses of the organization.

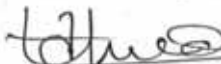
#### 9. New member inclusion in GC

The meeting has decided to discuss the agenda in next EC meeting.

#### 10. KPMG, ToGETHER project

The meeting has decided to discuss elaborately with learning and action matrix in next EC meeting.

  
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Chairperson  
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### 11. Management issues of ED and Chairperson

The meeting has decided to discuss the agenda in next EC meeting.

### 12. 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.

### 13. AoB :

- i. **Medical Treatment of ED in Bangkok:** Director-FCC&EA (D-FCC&EA) informed the meeting that the Executive Director (ED) of COAST Foundation underwent medical treatment at Bumrungrad Hospital in Bangkok from 11-16 Nov'22, for tongue surgery related to an ulcer. In this regard, the ED obtained prior approval from the Chairperson on 29-October, 2022, with a copy to the Treasurer. D-FCC&EA said that he has accompanied the ED to Bangkok during the period of medical treatment.  
  
D-FCC&EA reported that the total expenditure for the treatment amounted to Tk 9,69,118/- covering medical treatment, hotel accommodation, food, travel and others for 2 persons. Among this amount (Tk 9.69 lakh), the medical expense accounted for Tk 8,13,617/- (84%). Additionally, a biopsy was also performed, which confirmed the ulcer was non-cancerous.  
  
The meeting expressed satisfaction with the report and requested the Treasurer to review all relevant medical expenses, which the Treasurer agreed to do. The meeting also authorized the Chairperson to approve the ED's medical bill. Consequently, the D-FCC&EA will prepare a summary of the total expenditure for submission to the Chairperson.
- ii. The meeting again discussed about settling the dispute of Sonarpara land, Ukhiya, Cox's Bazar which should had ended by Feb'23 (as per last meeting minutes), but not ended. The Secretary informed the meeting that by next May'23 the dispute (Dag no problem) issue of will be solved.
- iii. Director- ME & IA proposed to select new audit firm for organizational auditing for upcoming fiscal year 2022-23. This issue is discussed and following decisions taken.
  - Director-ME&IA will draft ToR for external audit FY2022-23 and will take comment of Treasurer by April'23.
  - Treasurer will contact with few top listed audit firms along with some medium standard also those are PKSF/MRA/NGOAB enlisted. Based on the audit fee, Treasurer will suggest and select the firm.
- iv. The decision has been taken that the following meeting will be held on,
  - 32<sup>nd</sup> Pre-EC Audit & Finance Trend meeting : 16<sup>th</sup> June 2023
  - 120<sup>th</sup> EC Meeting : 17<sup>th</sup> June 2023.
  - 7<sup>th</sup> Annual General Meeting : 14-15 July 2023

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

Prepared by



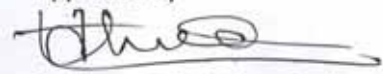
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10-April 2023

Approved by



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