

Draft Minutes of the 121st Executive Committee (EC) Meeting (virtual) of COAST Foundation held on 29 July 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 -EC
7. M Rezaul Karim Chowdhury, Member Secretary (Executive Director, COAST Foundation)

Agenda transacted:

1. Review of the 119th and 120th Executive Committee (EC) Meeting minutes
2. Internal audit findings report discussion from 32nd Pre-EC Audit Meeting
3. MF Trend Analysis
4. Business Plan 2023-24
5. Budget Variance Analysis
6. Budget 2023-24
7. Program Result Matrix
8. GRD and CRM report up to June 2023
9. Gender Policy Revision Matrix
10. Revision of Code Conducts for COAST staff/Volunteer/Intern
11. Money laundering compliances of MRA
12. HR Policy Revision for immediate and urgent approval
13. HR Policy Revision Matrix for long term approval
14. Constitution Amendment for immediate and urgent approval
15. Constitution Matrix for long term approval
16. New member inclusion in GC (Md. Mahedi Hasan- FCA and Md. Khurshed Alam, CEO, MGI)
17. Any other business (AoB).

The Chairperson started the meeting with a welcome note to all EC members and other COAST staff as observers and help to ED in presentations.

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

1. Review of the last 119th and 120th Executive Committee (EC) Meeting Minutes:

1.1 Review the 119th EC Meeting Minutes:

- i. As per approval of the new salary structure 2023 by the EC of the organization, it is being implemented for all the positions core programs.
- ii. As per approval of the Promotion and Transfer Policies, these are now being followed for the promotion and transfer of any staff.
- iii. The Principal Office Organogram has been redesigned as per the approval by EC.
- iv. Director-ME&IA presented the internal audit findings for 37 MF branches and 2 projects. He mentioned that 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.1,52600/- realized from one staff named Faruk Hossain. One case has been filed against Faruk Hossain and another one staff as he left the organization.

The Director-CP mentioned that a negotiation process is going on with the accused staff to realize the due amount. Here, Treasurer advised to monitor strictly the software system of the organization.

The Vice-Chairperson advised to issue a common letter to all MF staff how this incidence occurred and what would be the remedies.

The findings of donor projects are procedural, and the Accounts Officers and Project Coordinator have been oriented on the issues not to repeat in future.

- v. The Director-Core Programs presented the Micro Finance trend analysis up to February 2023, where major observations are; total branches are 110, total member is 1.58 lakh and number of loanee is 1.33 lakh (84% of member). Here the trend observed as satisfactory growth as per target during the financial year. He also mentioned that the portfolio stands Tk. 509.20 crore and the capital stands 77.00 crore and the rate of surplus 27% while the PAR [Portfolio at Risk] is 6.63% is reducing after pandemic and would go below 5% by end of the financial year.
- vi. The Director-FCC&EA presented the financial position and budget variance from July' 2022 to February 2023 where major observations were; expenditure made around 61% against estimated annual budget with the expense July 2022-February 2023 period (8m) and 100% against the eight-month budget vs expense. It is expected that after the end of the year (June 2023) the budget vs expenditure will be 100%. the amount crossed the estimated budget lines are medical [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.
- vii. The Joint Director-PDC presented the project information end of March 2023. 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%.
- viii. The Deputy Executive Director presented the status of HRM report up to March 2023. Total staff no was 1416 and the 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.
- ix. Joint Director- Gender, Training & Community Radio has presented the gender status and Complaint Response Mechanism report end of March 2023. She informed 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. All complaints have been attended and resolved.
- x. Director- Admin & SR gave an update on legal procedures and he mentioned that, as on the end of March 2023, there are 104 case are running. He committed to resolve 15 cases by next three months.
- xi. 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.
- x. Director-ME&IA informed that the SF Ahmed and Co. has been proposed to appoint as external auditors for the year of 2022-23. The AGM will be the final approval authority.
- xi. Ms. Anjulika Khisa, member-EC proposed, and Mr. Jacob Kumar Sarker, member-EC supported her to approve the minutes and then the minutes was approved anonymously.

1.2 **Review the 120th EC Meeting Minutes:**

- i. The Secretary briefed the KPMG audit report from MI. He mentioned that there was no any findings related to financial embezzlement but there are some issues of process errors. He said the MI did not maintain the participation for selecting the auditors and also the Terms of References. The Secretary informed also then he wrote the notes to the Secretary General of MI about the wrong process as the purview of COAST concerns.
EC formed a committee led by Treasurer including Vice-Chair Mr. Nayeem and member Mr. Jacob to find out the issues and observations in the whole process of the KPMG audit reports.
- ii. The Secretary informed the meeting that the salary of some senior positions (Director-ED) should be reviewed. Then the EC meeting agreed and approved the review of the salary and instructed the Secretary to issue letters to the colleagues with new figures. In view of the approval the Secretary issued the review letters to the respective colleagues.
- iii. The Secretary informed the meeting that COAST has been fined Tk. 5 lakh for purchasing land without the approval of MRA. The EC meeting suggested the Secretary to take approval from MRA for asset purchasing in future to avoid the problems with MRA.
- iv. The Secretary proposed two names as Mr. Mahadi, FCA and Mr. Khurshid Alam, CEO, MGI for inclusion in the GC. Then the meeting suggested to collect their CVs and approached to the next EC meeting.

- v. As per decision in the meeting of special audit within a month to review the various financial and policy issues with the help of two efficient professionals audit personnel. Due to the reservations of the Secretary, the proposal has been postponed.
- vi. Mr. Jacob Kumar Sarker, member-EC proposed and Ms. Jesmeen Sultana Paru, member-EC supported him to approve the minutes and then the minutes was approved anonymously.

2. Internal audit findings report discussion from 32nd Pre-EC Audit Meeting

The Director-ME&IA informed that 30 MF branch and 02 donor project are audited during the period from April to June 2023. Total Tk. 1, 03,240 /- identified as misappropriation by 49 (25%) staff where 100% amount realized. The new audit approach facilitates scope for staff for balancing audit and reconciliation the balance if error happened during the period. In the new system surprised audit is conducted without prior information. Internal Audit now focuses to audit the financial system practiced in the branches. There are some traditional irregularities like lack of procedural practices in loan disbursement and savings transaction are common observations but solved instantly. He also mentioned that two donor projects [UNICEF and Tear Fund projects] are audited. Audit has identified financial irregularities an amount of Tk. 18,202/-. The full amount is recovered from the staff and disciplinary actions have been taken against the staff responsible. A few observations are procedural, especially lack of following the procurement and updating the documents while all are solved during audit.

However, the Treasurer advised that if there will be more audit then the trend of irregularities will be reduced. The Chairperson advised conducting a study after six months about the impact of the new approach compared to the previous. ED mentioned that the new procurement policy is in place by audit here are minimum findings.

3. MF Trend Analysis

The Director-Core Program presented the Micro Finance Trend Analysis up to June 2023. He mentioned that at the end of June 2023, total branches are 115. Total members are 1.59 lakh and number of loanee is 1.29 lakh (81% of member). He informed that total MF portfolio stands on June 2023 as Tk. 532.35 crore. Income over the period is Tk. 107.77 crore and expenditure made as Tk. 79.60 crore at the same time. The surplus amount is Tk. 28.17 crore and the rate of surplus 24%. He also mentioned that surplus is observed increasing trend [180% achievement than target] during this financial year. Accumulated capital fund stands as Tk. 86.15 crore in June 2023. The PAR [Portfolio at Risk] is 6.3% is observed as static condition but the target is to go below 5%.

The Director-Core Program also presented an analysis on the portfolio management indicators. The salary cost 38% of total operational expenditure which is below national standard. The cost of fund 22% a little bit higher due to fluctuation of funding and interest provision. The admin cost is 10%, the bank liability is Tk. 87.34 crore which is 15% of total portfolio. The debt-to-equity ratio is 5.22:1. The portfolio yield is 21.04% and return on assets is 5.69%. Based on the indicators, organization has gained the Credit Rating "A" for long term and ST-3 for short term perspective with stable outlook.

The Chairperson advised for conducting an impact study of ENRICH Program to know the situation. The ED mentioned that if possible, this program should be extended to other climate change hotspot areas. PKSF shares 70% cost and organization shares 30% in ENRICH Program. The Chairperson expressed his interest to visit the ENRICH Program. ED instructed Director-CP to arrange a plan including the Chair of PKSF.

The Director-Core Program informed that for any transaction, the borrowers receive a mobile SMS. He also informed that an agreement with bKash has been made so that the borrower can pay the instalment through MFS [Mobile Financial Service]. ED informed that we are trying to make Micro Finance Program as cashless system. The Chairperson advised taking more funds from banks and other financial institutions. He also advised to present the asset and depreciation status in the next meeting.

4. Business Plan 2023-24

The Director-Core Program presented the Business Plan for the financial year of 2023-24 where gross achievement of Business Plan 2022-23 reached 108.5%.

The new target for 2023-24 is as follows:

- i. Opening 15 new branch.
- ii. Member target is 1.80 lac [14% growth projection]
- iii. Loan disbursement Tk.1293 crore [35% growth]
- iv. Outstanding Balance Tk. 704 crore [30% growth]
- v. Bank Financing Tk. 189 crore.
- vi. Surplus amount is Tk. 34.26 crore
- vii. Capital Fund accumulation Tk. 121 crore [40% growth]

However, the Treasurer opined that the target should not be conservative, it should be competitive. Then the capacity of the staff as well as the organization will be increased. The Chairperson advised preparing a road map for reaching Tk. 1,000 crore of portfolio by 2027.

5. Budget Variance Analysis 2022-23

The Director-FCC&EA presented the budget variance for the year 2022-23. He mentioned that expenses for most of the budget heads are under controlled except i) office running cost (315% due to paid Tk. 23 lakh to NBR for settle the tax issues), ii) refreshment (232% due to team building workshop in Chuti Resort), iii) advertisement (159% due to advertisement of different projects), iv) fuel and gas (136% due to increasing the fuel and gas costs). He informed also that the total per cent of expenditure against annual budget is 100.2%. The Treasurer advised to prepare budget in future realistically and after the sixth month of the year the budget should be revisited.

6. Budget 2023-24

The Director-FCC&EA presented the budget for the year of 2023-24 in the meeting. He mentioned that the total budget for 2023-24 has been prepared with an amount of BDT 1541.50 crore with the surplus amount of BDT 34.26 crore. The operating budget is BDT 111.32 crore with the surplus amount of BDT 33.12 crore (\$ 3.15 m). It is mentioned here that among the budget BDT 1400.21 (\$ 136.50 m) is involved with RLF (Revolving Loan Fund). Total budget has been increased 28% than that of 2022-23 (BDT 1204.20 crore). Here the program and administrative costs are 93% and 7% respectively. This year the budget of the donor grant is BDT 29.25 crore which is 16% more than that of last year (BDT 22.16 crore). The deficit of RLF BDT 194 crore will be met up through borrowing from commercial banks, BDT 114.00 crore, from PKSF, BDT 70 crore and from statutory fund, BDT crore. The Chairperson advised making the budget easier to understand.

7. Program Result Matrix

The Deputy Executive Director presented the achievement sin 2022-23, not achievements, the objectives for 2023-24 and the program result matrix for last two years and the target of 2023-24.

Major Achievements in 2022-23

- Prepared the draft organizational Strategic Plan 2023-27.
- Three projects extended funded by UNICEF and one is in Bhasan Char
- The staff turnover rate stands below 5%.
- Area expansion of MF program (10 branches).
- Cost control

Not Achieved in 2022-23

- i. Organizational Enterprise Development
- ii. Sufficient RLF (Revolving Loan Fund) management for Micro Finance programs

Major Objectives for 2023-24

- i. Expansion of 10 branches in Micro Finance Program
- ii. Fund raising for development projects
- iii. Developing knowledge based human resources
- iv. Disability Inclusion
- v. Enterprise development in the organization level
- vi. Increasing primary health care support to the MF clients

- vii. Social actions with People's Organization
- viii. Campaign and Policy Advocacy on the local, national, and international levels.

Output Comparison Matrix (2021-22, 2022-23 and 2023-24):

SI	Program name	2021-22 (Population)	2022-23 Population (Target)	2022-23 Population (Achievement)	+/- %	2023-24 (Population) Target	+/- %
1	Core Programs	11.5 lakh	12.7 lakh	10.9 lakh	83%	13.9 lakh	28%
2	Non-Core Programs	9.9 lakh	10.7 lakh	9.8 lakh	92%	3.8 lakh	-61%
Total		21.4 lakh	23.4 lakh	20.7 lakh	88%	14.28	-33%

The Chairperson advised to make the graphs elaborate with more clear meaning and understanding. The meeting discussed the Business Plan, Budget and Result Matrix in detail and the EC primarily approved and referred to the Annual General Meeting for final approval.

8. GRD and CRM report up to June 2023:

The Joint Director-GH&CR presented the complaint status from the staff and member/program participants. She mentioned three cases of sexual abuse and harassment. One case was in camp that Rohingya Teacher tried to make affairs with a learner. Then he was separated after proving the case. Another case was one Credit and Development Officer officered the affairs to a member participant. The CDO was transferred though the case was not proved. One Host Teacher did the SEA (Sexual Exploitation and Abuse) case with Rohingya Teacher. Then both the staff were transferred.

9. Revision of Gender Policy:

The Joint Director-GT&CR presented the change matrix of the revision of COAST Gender Policy. She mentioned that the policy was part of the HR Policy and now it has been separated. She mentioned that the policy has been prepared with gender friendly. Ms. Jesmeen Sultana Paru discussed that the policy should be maintained strictly, and all staff will be oriented. She also proposed to approve the policy while Jacob Kuamr Sarker, member-EC supported her to approve the policy then the EC approved finally.

10. Revision of Code Conducts for COAST staff/Volunteer/Intern:

The Deputy Executive Director presented the revised version of Code of Conducts for COAST staff. The Protection of Sexual Exploitation and Abuse (PSEA) and Sexual Exploitation and Abuse have been included in the revised version. The house discussed the issue and then Anjalika Khisha proposed to approve the revised version while Jesmin Sultana Paru supported her. Then the house approved the revised Code Conducts and requested the Secretary to take signatures of all staff/volunteers/intern etc.

11. 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 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.

12. HR Policy Revision for immediate and urgent approval

The Deputy Executive Director proposed some changes to the COAST HR and Administrative Management Policy for immediate approval by the EC. The major changes are i) Definition of serious misconducts, ii) Revision of Gratuity Fund Policy and iii) Cancellation of Retirement Allowance. The EC discussed the proposed clauses and formed a committee comprising Mostafa Kamal Ahmed, FCA, Treasurer, Jacob Kumar Sarker, Member-EC and Anjulika Khisa, Member -EC. The committee will work with DED and ED will provide their feedback by two

weeks and then those changes will be approached for approval by the Chairperson. The ED expressed to give the approval of these three clauses with the earliest time.

13. HR Policy Revision Matrix for long term approval

The EC meeting discussed the change matrix of COAST HR and Administrative Policy thoroughly. Then the EC also formed a committee comprising Mostafa Kamal Ahmed, FCA, Treasurer, Jacob Kumar Sarker, Member-EC and Anjulika Khisa, Member -EC. The committee will work closely with DED and ED. The committee will also talk with the other staff of the Foundation. If the committee feels, then expert opinions of a subject matter specialist should be taken. The secretary urged them to complete the process in a bit urgently as there is pressure from the donors to revise the policy as it was lastly revised in 2019. EC meeting hoped that in the next EC meeting to be held in September 2023. In this situation, the ED requested to call a special meeting for approval of the revised policy.

14. Constitution Amendment for immediate and urgent approval and Constitution Matrix for long term approval

Due to time constraints, this agenda has been referred to the Annual General Meeting (AGM) that to be held during 4-5 August 2023.

15. New member inclusion in General Council

The secretary proposed two names for inclusion in the General Council. They are Md. Mahedi Hasan-Guideline of Safe Recruitment and Md. Khurshed Alam-CEO, Meghna Group of Industry. The EC meeting recommended the proposal and advised the secretary to place the proposal to the AGM for final approval.

16. Any other business (AoB)

- i. After a long discussion, EC primarily approved the external auditors for auditing of the Foundation's Accounts FY2022-23 and for next two years while it is referred to AGM for final approval. The name of the firm is S.F. Ahmed & Co.

The next Pre-EC Audit and Finance Meeting and EC Meeting will be held on 22 and 23 September 2023 respectively.

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

Prepared by

Approved by

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

30 July 2023

Professor Tofail Ahmed, PhD
Chairperson
COAST Foundation