

## COAST Trust

### Minutes of the 15<sup>th</sup> Pre-BoT Audit & Finance Committee meeting held on 16 Sept' 2017 at COAST Principal Office, Dhaka.

#### A. Member Participated

1. M. Zahirul Alam FCA, Treasurer, BoT (as BoT member participant)
2. Sanat K. Bhowmik, Director (as staff participant)
3. Aminul Hoque, Deputy Director- ME & IA (as staff participant)
4. Ahsanul Karim Babor, Deputy Director-FC &CA (as staff participant) and
5. Tarik Sayed Harun, Asst. Director- Core Program (as staff participant)

#### B. Agenda Transacted

1. Review of the last (14<sup>th</sup>) Audit Committee meeting minutes
2. Report from internal audit sections (MF program)
3. COAST Annual Plans and Budget 2017-18
4. Micro finance and financial trend analysis
5. Project Information and progress
6. Report on bad debt mobilization
7. Report on legal action and procedures
8. Any other Business (AoB)

The meeting has been presided by the Treasurer-BoT, COAST Trust and the major discussion and decisions of the meeting are as follows;

#### 1. Review of the last meeting minutes:

Deputy Director (ME & IA) has reviewed the minutes and on its updated progress of 14<sup>th</sup> BoT audit committee meeting and the following decisions have been taken for further actions;

- a. **Agent Banking:** COAST has renewed its focus on agent banking system instead of mobile banking as the mobile banking is not able to reach to the client of micro finance facing potential barriers like high cost of transaction and other infrastructure deficiencies. At present negotiation almost final with Midland Bank to introduce agent banking at Laxmipur branch and make agreement as soon as possible.
- b. **Follow up top-10 branches based on the outstanding:** Standard format has been developed regarding financial security audit for top outstanding branches. Follow up also being conducted on the indicators of bank transactions, loan disbursement, daily collection and depositing process, asset management etc. and reported to Executive Director as regular basis. In last quarter (June-Aug'17), there are nine top outstanding branches are audited.
- c. **Reporting on Syndicate Loans:** Progress and performance on the realization of syndicate loans (identified in the audit) to be reported in BoT audit meetings from Core operation.

#### 2. Report from internal audit sections (MF program)

Internal audit section has presented the summary of audit findings on last quarter (April-August'17). There 48 branches are audited and following major observations are critical based on the findings and related discussion;

- i. **Financial Misappropriation:** Misappropriation **observe decreased in latest audit**. The amount of misappropriated money is **tk. 5, 06,673/-**. The major portion of misappropriation happened in three branch (Sonarpara-114891/-, Hnila-105682 and Ukhaia-79383/-). Tk. 4, 30,695/- is realized

instantly and rest of the amount (Tk. 75,978/-) is under process of realization. **Meeting also advised to calculate the staff engagement ratio considering their misappropriation amount at least above tk. 500/- .**

- ii. **Syndicate loan** Latest audit observation reflects the number of syndicate loans in 32 branches out of 48 audited. There are **135 member have captured 508 no of loans. Present outstanding of these loans are as tk. 1.13 crore and overdue is tk. 22.03 lac- (19.5% of outstanding loan) which is increasing trend.** This scenario looks high trend and chair of the meeting has expressed his concern and advised to place the detail action and progress report on syndicate loan in the meeting.

Apart from the above observations, audited branches are also in practice of financial irregularities in daily transaction like without taking any formal approval, loan disbursement violating rules & process and savings withdrawal and administrative expenses. These are common phenomena and similarly critical for monitoring and financial discipline.

- iii. Treasurer also suggested to deep study of MoA (Memorandum of Agreement) of any project before preparation of cost estimate. This will support to avoid any undue observation come in external audits like CRRP (Cyclone Roanu Rehabilitation Project).

- 3. COAST Annual Plans and Budget 2017-18:** Director has presented the organizational plans & Budget for the year of 2017-18 period. Treasurer has shown his dissatisfaction to operationalizing the budget without concern of board and advised to COAST management taking prior email approval at least, in case of deferred BoT meeting. The key features of 2017-18 plan of organization is following;

**i. Business Plan & Budget for Core Operation [MF] in 2017-18**

Sl	Major components	Performance in 2016-17			Target for 2017-18 Yr.	
		Target	Achievement	%	Target	Increased
1	Total branch offices	72	76	106%	88	14%
2	Member participants	118,022	106,700	90%	133,178	20%
3	Per CDO member Participants	368	321	87%	354	9%
4	Savings accumulation (In Crore)	50.29	57.15	114%	73.65	22%
5	Loan outstanding (In Crore)	150.55	175.04	116%	249.88	30%
6	Per CDO loan outstanding (in Crore)	0.47	0.55	117%	0.66	17%
7	Earning of service charge (In Crore)	29.10	37.12	128%	50.95	27%
8	Annual Budget (In Crore)	24.97	26.82	107%	36.87	27%
9	Amount of surplus (In Crore)	4.14	10.80	261%	14.08	23%
	<b>Average achievement</b>			<b>129%</b>		<b>21%</b>

## ii. Budget for Organization in 2017-18

SL	Major components	Performance in 2016-17 (in Cr.)	Target for 2017-18 Yr. (in Cr.)	Variance (in Cr.)	%
01	MF [As Core Operation]	26.82	36.87	10.04	27%
02	COAST Operation [PO-partly +BMTC +CMTC+SB]	1.58	1.73	0.15	09%
03	Donor Projects	13.33	8.81	-4.52	-34%
04	Capital Budget	1.10	1.13	0.03	03%
	<b>Org. Total</b>	<b>42.83</b>	<b>48.53</b>	<b>5.70</b>	<b>13%</b>

Treasurers also suggested to present on the capital purchase (1.13 crore propose budget) detail for the year 2017-18.

4. **MF Trend analysis:** Asst. Director has presented the latest (July'16-July'17) performance of MF where it's viewed the following;
  - i. COAST **micro finance program has reached its portfolio outstanding as BDT 171.5 corer in July' 2017.** Simultaneously, the portfolio is also running with increasing trend on its member (1.06 lac.), savings accumulation (57.70 cr.) and net surplus generation (11.56 cr.) during the year.
  - ii. **Overdue seen as increasing trend** (net overdue is stand as 5.54 crore in reported month July'17) which reflecting 3.8% as PAR. Vertical growth of disbursement and portfolio has minimized this option of current OD trend.
  - iii. **Accumulated Surplus:** The accumulated surplus (11.56 corer during the period) has created the capital balance as 25.26 crore in July'17. Net surplus is also observing as increasing trend with a figure around tk. 1.00 crore plus in every month.
  - iv. **Funding Composition:** COAST has received tk. 54.0 crore from 07 financial institutions/banks and paid up tk. 18.65 crore as on the date. Outstanding balance is stand as tk. 35.35 crore. Banks are contributing 19% of total MF portfolio. Apart the portfolio also running with support of member's savings fund (31%), PKSF/SF fund (31%), own capital fund (14%) and different staff welfare fund (5%).
5. **Project Information Matrix:** The Director has presented a matrix on the latest scenario of ongoing project and their progress in to the meeting. Total projects are 09 in number on August 2017. The estimated budget for these projects were taka 254.00 million. Till the date, the projects have received the amount of tk. 161.24 million and the fund utilization rate is 93%.
6. **Bad-debt Mobilization:**

The Director has presented the latest performance and progress on write-off and bad debt mobilization and shown that Tk. 163.38 crore is collected (37%) against the target during last year's. An amount of tk. 13.24 lac has spent against this bad-debt collection.
7. **Legal procedures status (Case update):** There are 35 no of cases ongoing following the latest information on August'2017. However, COAST has able to realize the amount tk. 10.31 lac in against of spending tk. 5.63 lac up to the date.
8. **AoB:** There were no agenda for discussion in AoB. Chair of the meeting has concluded with thanks to all participants and closed the discussion.

Prepared by

Aminul Hoque  
Secretary of the meeting  
COAST Trust

Approved by

M. Zahirul Alam FCA  
Treasurer- BoT  
COAST Trust

Dated: 16 September' 2017