

COAST Foundation

Minutes on 27th Pre-EC Finance & Audit Committee meeting.

Held on Zoom, Date: 12 March 2022, at 07.30pm to 9.00pm.

A. Member Participated

1. Md. Mostafa Kamal Ahmed, FCA (Treasurer-GC/EC, COAST)
2. Rezaul Karim Chowdhury, Executive Director [ED] and Member Secretary-GC/EC
3. Sanat K. Bhowmik, Deputy Executive Director (as staff participant)
4. Aminul Hoque, Director- ME & IA (as staff participant)
5. Tarik Sayed Harun, Director- Core Program (as staff participant)
6. Mostafa Kamal Akand, Director (as staff participant)

B. Agenda Transacted

1. Minutes [26th Meeting Review]
2. Report from internal audit sections (MF program and Projects)
3. MF Trend Analysis [Up to Feb 2022].
4. Org Budget Variance Analysis [Up to Feb 2022].
5. Any other Business (AoB).

C. Decision Matrix

SI	Agenda	Decision	Remarks
01	Minutes Review	<ul style="list-style-type: none">- Executive Director has reviewed the 26th meeting minutes and brief the highlights as;<ul style="list-style-type: none">i. Organization has acquired its VAT registration certificate from NBR on 10 March 22. This was a mandatory obligation for COAST as a withholding authority.ii. Meeting with Treasure and auditors was not done in last period. Treasurer requested to conduct this meeting after Ramadan and tentative date is set as second week of May.iii. Dinner meeting with Bankers also planned to host after Ramadan.iv. Director [Admin & SR] has updated the legal issues [Case mitigation updates] and said that one new case is filed against the MF borrower. He also assured to set a side at least five cases by Ramadan.	
02	Report from Internal Audit	<ul style="list-style-type: none">- 31 MF branch and 03 donor project are audited during the period from Dec 21 to Feb 2022.	
		<ul style="list-style-type: none">- Tk. 2, 46,906/- identified as misappropriation by 86 (44%) staff where 2, 39,482/- are realized. Tk. 7424/- to be realized during final payment as two staff left the organization.	
		<ul style="list-style-type: none">- Executive Director expressed his concerned about major misappropriate happened by one staff [tk. 76182] in Dagon Bhuyan branch.- Director-COp has brief on detail action and regulatory measures on this and respective BM is transferred due to his lack of supervision.- There are some financial irregularities [e.g., lack of approval, illegal adjustment etc.] also observed where Treasurer advised for timely action and properly.	

SI	Agenda	Decision	Remarks
		<ul style="list-style-type: none"> - Informal syndications are observed among the loanee in 15 branches among the 31. Around 82.15 lac disbursement are captured by 46 syndicators where amount outstanding 41.05 lac and 63.24% of outstanding amount [tk. 25.25 lac] has already been overdue. - Meeting has advice to pay appropriate follow up on this issue. 	
03	MF Trend Analysis	<ul style="list-style-type: none"> - Three donor project [A2Jac, UNHCR and Tear Fund] are audited from IA section. Major observations are wrong vendor selection, over payment made, advances paid without approval and VAT and Tax have not properly deduct and deposited. - Treasurer suggested to open an audit register in the respective branch and projects along with report where needed that will support the senior official and donors to understand the audit activities. 	
		<ul style="list-style-type: none"> - At the end of Feb 2022, 11 new branches have opened, and total branches are 107. Total member in MF program is 1.49 lac and number of loanee is 1.25 lac (84% of member). Performance trend observed as positive growth due to increased demand in the field. 	
		<ul style="list-style-type: none"> - Total MF portfolio is stand on Feb'22 as Tk. 393.26 cr. is satisfactory and increasing trend and will reach to 400 cr. outstanding keeping two months ahead of the current financial year. 	
		<ul style="list-style-type: none"> - Surplus is observed increasing trend [188% achievement than target] during this financial year. From July to Feb 2022 financial year, MF program has made a net surplus 7.31 cr. against the target of 3.89cr. - Accumulated Capital fund is stand as tk. 51.40 cr. in Feb 2022. - PAR [Portfolio at Risk] is 9.70% is continue reducing after pandemic and would go below 5% by end of the financial year. - Treasurer given thanks to Operation for this super performance scenario and expressed his concern also to its proper planning and appropriate forecasting. However, he stressed to proper planning that will show the real strength. 	
		<ul style="list-style-type: none"> - Director COp has said the target is being achieved over 100% in many indicators as we have made the plan very conservative and considered the pandemic and its impact to stop MF activities at least two months [fortunately it's not happened] in current financial year. Apart the bank finance also available beyond assessment which is a factor for stimulating growth. - He also presented an analysis on following portfolio management indicators. <ul style="list-style-type: none"> - Salary cost 41% of total operational expenditure which is below national standard and average. - Cost of fund 29% a little bit high due to fluctuation of payment schedule & interest provision. - Admin cost is 11%. - Bank Liability is 91.93 cr. at present which is 22% of total fund. and - Debt to Equity" ratio is 3.48:1. Portfolio yield is 22.20% and Rate of Return is 3.34%. Based on the indicators, organization has gained a 	

SI	Agenda	Decision	Remarks
		Credit Rating "A" for long term and ST-3 for short term perspective.	
04	Org. Budget Variance Analysis	<ul style="list-style-type: none"> - Up to Feb 2022, the total budget utilization rate is 79% and as cumulative, it is 54% comparing the percentage with total annual budget. - Some of the expenditures have crossed the budgetary allocation those are Utilities 104%, Office running cost 115%, Travel 133%, Radio Saikat 136%, Covid support 155%, Fuel & Gas 181%, and General Medical support 214%. 	
05	AoB	<ul style="list-style-type: none"> - Executive Director made a reminder on the next EC meeting will be held in Bhola on 25 March 2022 and request to prepare the honorable members accordingly. 	

Prepared By: Aminul Hoque, COAST Foundation.