

COAST Foundation

Minutes on 31st Pre-EC Finance & Audit Committee meeting.

Held on Zoom Online, Date: 31 Mar 2023, at 10.00am to 12.00pm.

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 Kumar Bhowmik, Deputy Executive Director (as staff participant).
4. Aminul Hoque, Director- ME & IA (as staff participant).
5. Ahsanul Karim Babor, Director- FCC&EA (as staff participant)
6. Tarik Sayed Harun, Director- Core Program (as staff participant)
7. Mostafa Kamal Akand, Director- Admin & SR (as staff participant)

B. Agenda Transacted

1. Minutes [30th Meeting] Review.
2. Report from internal audit sections (MF program and Projects)
3. MF Trend Analysis [July 22 to Feb 2023].
4. Financial Trend and Budget Variance [July 22-Feb 23].
5. Update on Legal Procedures [Cases against staff]
6. External Auditor Selection for 2022-23 FY audit
7. Any other Business (AoB).

C. Decision Matrix

Sl	Agenda	Decision	Remarks
01	30 th Minutes Review	<ul style="list-style-type: none">- Executive Director reviewed the 30th meeting minutes and brief the following highlights as;<ul style="list-style-type: none">i. Gratuity Fund registration is important for Tax exemption on staff final payments. Treasurer has expressed his concern for its procrastination. Treasurer and Executive Director request to Director-Finance to initiate the process by April 2023 and completed by next June/July of 2023. ED also recommended to assess the PF/Gratuity liabilities and their next cleanup process.ii. Dinner meeting with Bankers is adopted revised plan to host after Ramadan and onward. Treasure has advised to invite BB and MRA high officials along with prepare presentation.iii. To set-aside ongoing COAST-NBR issues, ED and Director-Finance are working and hopefully come to decision by April 23.iv. New Salary structure increased the expenditure tk. 57 Lac/Month without any variation, but simultaneously income being earned according the target. In Feb 23, net surplus is earned tk. 2.5 corer as per target.	
01	Report from Internal Audit	<ul style="list-style-type: none">- 37 MF branch and 02 donor project are audited during the period from Dec' 22 to 09 March 2023.- Tk. 7, 74,140 /- identified as misappropriation by 101 (42%) staff where 3, 59,958 are realized. Tk. 378222/- need to be realized. Two staff has embezzled the major amount tk. 524392/- where tk. 1,52600/-	

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	Report from Internal Audit	<p>realized from one staff name Faruk Hossain and case filed against another one staff as he left the organization.</p> <ul style="list-style-type: none"> - Director-COP has brief and clarified on big amount of misappropriation happened [Dagon Bhuiya and Kutubdia Sadar.] by the staff. Based on the discussion Treasure and ED suggested the following. <ul style="list-style-type: none"> i. Software security system need to be rechecked and option explore to strengthen security. ii. BM roles need to enhance through monitor and approval of using software by the BA. iii. 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. iv. Software activities will be included under AM [Area Manager] monitor and checking system regular basis. <p>ED also suggest to investigation on the issue of Countervailing effect and AM role regarding for such misappropriation.</p> <p>Treasurer concerned and opine about such case might encourage the miscreants to do this again if uncontrolled.</p>	
03	MF Trend Analysis	<ul style="list-style-type: none"> - Two donor projects [UNICEF Education and Small-Scale Aquaculture] are audited from IA section. Major observations are procedural especially lack of following approval process, Post Facto approval and incomplete register and documents. All are solved during audit. <ul style="list-style-type: none"> - 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. - 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%. - 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 19.45 cr. - Accumulated Capital fund is stand as tk. 77.40cr. in Feb 2023. - PAR [Portfolio at Risk] is 6.63% is continue reducing after pandemic and would go below 5% by end of the financial year. - Director also presented an analysis on following portfolio management indicators. <ul style="list-style-type: none"> - Salary cost 34% of total operational expenditure which is below national standard and average. - Cost of fund 20% a little bit high due to fluctuation of payment schedule & interest provision. - Admin cost is 8%. - Bank Liability is 74.48 cr. at present which is 14% of total fund. and - 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 	

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	MF Trend Analysis	<p>the Credit Rating “A” for long term and ST-3 for short term perspective with stable outlook.</p> <p>COAST has made agreement with BKAS for MFS [Mobile Financial Services] for its repayment collection from migrated borrowers. Treasurer advised to explore the opportunity to work with merchant payment system for MFS and better options.</p> <p>Based on the above analysis and overview Treasurer satisfied and motivated core team to keep the surplus trend 2.5 corer/month benchmark for upcoming period at least.</p> <p>ED expressed next challenges on controlling misappropriation, more & more explore the financial for program expansion and overhauling the system following audit report and other learnings from operational process.</p>	
04	Financial Trend and Budget Variance [July-Feb’2023	<ul style="list-style-type: none"> - Expenditure made around 61% against estimated annual budget for July-Feb period and 100% against the eight-month periodic total. - The amount crossed the estimated budget lines are medial [237%], Utilities [133%] Refreshment [358%, Travel [157%] and Fuel & Gas [143%]. <p>Treasurer advised to revise the budget following its expenditure trend to make it effective and without variance.</p>	
06	Update Legal Procedures [Cases against staff]	<ul style="list-style-type: none"> - As on the end of Feb 2023, there are 104 case are running. During the last quarter 34 new cases added and 10 cases have reached the solution. New cases are filed against the member beneficiaries due to made them loan defaulter. - However, 14 case are under negotiation process and hope to end by June 2023. 	
07	Selection of External Auditor	<ul style="list-style-type: none"> - 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. <ul style="list-style-type: none"> i. Director-ME&IA will draft a ToR for auditing and will take comment of Treasurer before finalizing by April 23. ii. Treasurer will contact a few top listed audit firms along with some medium standard also those are PKSF/MRA enlisted. Based on the audit fee, Treasurer will suggest and select the firm. 	

Aminul Hoque.
COAST Foundation.