

**Minutes on 33<sup>rd</sup> Pre-EC Finance & Audit Committee meeting.**  
**Held on Zoom Online, Date: 19 Nov 2023, at 10.00am to 12.00pm.**

**A. Member Participated**

1. Md. Mostafa Kamal Ahmed, FCA (Treasurer-GC and EC)
2. Rezaul Karim Chowdhury, Executive Director [ED] and Member Secretary-GC and 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. Omour Faruk, Deputy Directro-Finance Monitoring (as staff participant)

**B. Agenda Transacted**

1. Minutes [32<sup>nd</sup> Meeting] Review.
2. Report from internal audit sections (MF program and Projects)
3. Financial Trend and Budget Variance [July-Sep 23].
4. Summary of FS and Ext. Auditing update 22-23 FY
5. Any other Business (AoB).

**C. Decision Matrix**

SI	Agenda	Decision	Remarks
01	32 <sup>nd</sup> Meeting Minutes Review	<p>- Executive Director reviewed the 32<sup>nd</sup> meeting minutes and brief the following highlights as;</p> <ol style="list-style-type: none"> <li>i. The new and revised Gratuity Policy is adopted by the latest EC meeting. So that this meeting [Pre-EC] has taken decision to start the registration process very soon if possible, by 30 Nov 2023. Treasurer is requested to provide information of at least two consultants those who have proven experience and expertise on Tax consultancy.  Treasurer agreed and shown his generous interest to be involved here to expedite the registration process.</li> <li>ii. Dinner meeting with bankers is postponed following the existing political context and will revised plan after national election or Jan 2024 onward.</li> <li>iii. NBR [National Board of Revenue] has issued a letter to audit organizational Tax Return submitted for 22-23 Taxing Year. In this context management has decided to face it.  Following the issues, Treasurer has advised to follow 100% compliance of NBR. Apart he emphasis to orient staff on Tax law and rules with deploying professional consultant to develop our system.</li> <li>iv. 30 MF branch and 02 donor project are audited during the previous period from April to June 2023 and 1, 03,240 /- identified as misappropriation by 49 (25%) staff where 100% amount is realized.</li> </ol> <p>Executive Director has facilitated the feedback sharing on latest weekly audit approach and decided to review the process in Jan 2024. Apart suggestion come to include some qualitative and quantified information [e.g., branch wise income-expenditure, capital, PAR etc.] in audit presentations.</p>	

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02	Report from Internal Audit	<ul style="list-style-type: none"> <li>- Total 95 MF branch and 04 donor project are audited during the period from June to October' 23.</li> <li>- Tk. 2, 55,164 /- identified as misappropriation by 108 (18%) staff where tk. 2,12,495 is realized. Rest of the amount [42699] will be realized from the final payment as these staff left the job. The new audit approach facilitate scope for staff for balancing audit and reconciliation the balance if error happened during the period. IA now focusing to audit the financial system practiced in the branches.</li> <li>- Apart some traditional irregularities like lack of procedural practice in loan disbursement and savings transaction, fake sign etc. are common observation but solved instantly during the audit.</li> <li>- Audit will present some qualified and quantified information branch wise those will reflect the financial performance as well.</li> </ul>	
		Executive Director opined to assess the future management, monitoring approach and the audit approach & strategies in the face of introducing DFS [Digitalized Financial System] in MF program.	
		<ul style="list-style-type: none"> <li>- Four donor projects [SSF-Gender Mainstreaming, Aquaculture, UNICEF-Education and SCP projects] are audited from IA section. Audit has not identified any financial misappropriation during audit.</li> <li>- Apart a few observations are procedural especially lack of following the approval process and updating the documents. All are solved during the audit.</li> </ul>	
03	Financial Trend and Budget Variance [July-Sep' 2023	<p>Deputy Director, FM &amp; C has presented the budget variance report on July - Sep 23 giving following core information;</p> <ul style="list-style-type: none"> <li>- Expenditure made around 93% against estimated annual budget for July-Sep 23 period and 20.9% compared with yearly budget.</li> <li>- The amount crossed the estimated budget lines are Utilities [115% due to installation of 02 AC] advertisement [358% recruitment &amp; replacement], and Fuel &amp; Gas [134% vehicle run with Octane].</li> </ul>	
3a	Fund Source for Operation & its implementation	<p>MF contribution is the major source of fund for Operation and its implementation which is 61.3% aggregately. Rest of the fund received from donor project in the form of Management salary &amp; Overhead [33.2%] and grants [5.5%].</p>	<p>Source of fund</p> <ul style="list-style-type: none"> <li>Donor Project (Management salary &amp; Overhead) 33.2%</li> <li>Salary contribution MF 61.3%</li> <li>Grants from TWN 5.5%</li> <li>Cost sharing - MF 0.1%</li> <li>Others 0.0%</li> </ul>
3b	Income trend last five years	<p>The trend of income [net surplus generation/yr.] is observed upwardly. In the year 2019, the yearly income was tk. 5.06 crore where its stand in the end year June' 2023 is tk. 25.98 crore. In the year 2020,</p>	<p>Income and Expenditure 2019-23</p> <ul style="list-style-type: none"> <li>Total Income</li> <li>Total Expenditure</li> <li>Surplus/Deficit of Income</li> </ul>

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		Organization faced a loss amounting 1.64 crore due to COVID and it shut down effect on MF program.	
04	Update on External Auditing	<p>Appointed audit firm [SF Ahmed &amp; CO.] has submitted the MF accounts and management report timely. COAST has submitted the compile accounts for complete the organizational audit activities and hope fully to receive the signed copy by 23 Nov 23.</p> <p>A summary of consolidated Financial Statement has been informed to our Treasurer for his update the accounts [as on 30 June 23] and submission to audit firm, those are following for the audit year 22-23.</p> <ul style="list-style-type: none"> <li>- Non-Current Asset increase 8%</li> <li>- Current Asset increased 24%</li> <li>- Non-Current liabilities increased 10%</li> <li>- Current Liabilities increased 26%</li> <li>- Capital Fund increased 35%</li> </ul>	<p>The bar chart displays the financial position for 2022-2023 across five categories. The y-axis represents the amount in thousands of BDT, ranging from 0 to 600,000. The x-axis lists the categories: Non-Current Asset, Current Assets, Total Capital/Fund, Non-current liabilities, and Current liabilities. Each category is represented by four bars in different colors (blue, orange, grey, yellow), likely representing different periods or metrics. The Current Assets category shows the highest values, peaking at approximately 580,000. Total Capital/Fund and Current liabilities also show significant values, while Non-Current Asset and Non-current liabilities are lower.</p>
05	Any other Business (AoB).	<ul style="list-style-type: none"> <li>- Treasurer agreed on ED's proposal to conduct the next Pre-EC Audit &amp; Finance meeting on 09 March and 01 June 2023 at least one week before of EC meeting.</li> <li>- <i>Chakmarkul</i> land in Cox's Bazar will have to sale ASAP as govt. is going to expand the four-lane highway that is a risk for occupying the land by the contractor.</li> </ul>	

**Aminul Hoque.**  
**COAST Foundation.**