



**EMPLOYEES OLD-AGE BENEFITS INSTITUTION
BOARD SECRETARIAT**

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Dated: 28/10/2011

ALL DEPARTMENTAL HEADS

THE _____

**Subject: APPROVED MINUTES OF 100th BOT MEETING HELD ON
20th September, 2011 AT EOBI HEAD OFFICE, KARACHI.**

Kindly find enclosed herewith a copy of minutes of 100th Board Meeting duly approved by President BOT, EOBI/ Secretary Ministry of Human Resource Development Islamabad vide letter No. 1 (5)/2011-EOBI dated 26th October, 2011 for your perusal and record.

2. You are requested to send compliance report on the decisions taken in 100th BOT meeting upto 9th November, 2011 positively for our further necessary action.


(A. K. DURRANI)
DIRECTOR
BOARD SECRETARIAT

Encl: As above

C.C to:

1. S.O to Chairman
2. P.A to FA/DG (F&A)
3. Office file.
4. Master file.

M. A 31/10/2011

R/28/10/2011

**MINUTES OF THE 100th MEETING OF THE BOARD OF TRUSTEES
HELD ON 20th SEPTEMBER, 2011 AT 10:00 A.M
AT EOBI HEAD OFFICE, KARACHI**

The 100th meeting of the Board of Trustees of EOBI was held at 10:00 am on 20th September, 2011, at EOBI, Head Office, Karachi, to consider the following Agenda: -

01	CONFIRMATION OF MINUTES OF 99 th BOT MEETING.
02.	TO CONSIDER AND APPROVE THE APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2010-2011.
03.	TO CONSIDER AND APPROVE THE EOBI AUDITED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2009-2010.
04.	TO CONSIDER AND APPROVE THE REVISED BUDGET FOR 2010-11 AND PROPOSED BUDGET ESTIMATES FOR 2011-2012.
05	TO CONSIDER AND RESTORE THE EARNED LEAVE ACCUMULATION BEYOND 180 DAYS AND DISCONTINUATION OF ANNUAL EARNED LEAVE ENCASHMENT POLICY.
06	ANY OTHER ITEM WITH PERMISSION OF THE CHAIR.

2. The meeting was presided over by the Secretary, Ministry of Human Resource Development (HRD)/President Board of Trustees. The following attended the meeting:-

1. Mr. Muhammad Ahsan, President, BOT
Federal Secretary,
M/o. Human Resource Development.
2. Mr. Zafar Iqbal Gondal, Member
Chairman, EOBI.
3. Mr. Iftikhar Rahim, Member
Joint Secretary,
M/o. Human Resource Development.
4. Rao Liaqat Munir, Member
Financial Advisor,
M/o. Human Resource Development.
5. Mr. Habibudden Junaidi, Member
Employees' Representative, Sindh.

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6.	Malik Imtiaz Mehfooz, Employees' Representative, Balochistan.	Member
7.	Syed Imran Ali Shah, Employees' Representative, Punjab.	Member
8.	Mr. Gul Rehman, Employees' Representative, KPK.	Member
9.	Syed Iqbal Shah, Employers' Representative, Balochistan.	Member
10.	Maik Zahid Hussain, Employers' Representative, KPK.	Member
11.	Mr. M. Iqbal Daud, Employers' Representative, Sindh.	Member
12.	Mr. Mushtaq Ahmed Sammo.	Secretary, BOT

3. Meeting started with recitation from the Holy Quran. Secretary Labour Khyber Paktoonkhwa, Sindh, Punjab and the Employers' Representative Punjab did not attend the meeting despite notice. Secretary Labour Baluchistan who arrived at Karachi for attending Audit Committee and BOT meeting did not attend BOT meeting. The Chairman, EOBI while apprising the Board regarding developments in relation to 18th amendment, informed that after the devolution of Ministry of Labour and Manpower, a new Ministry of Human Resource Development (HRD), has been created and Employees' Old-Age Benefits Institution (EOBI) has been entrusted to it. He, thereafter, introduced Mr. Muhammad Ahsan, Secretary, Ministry of Human Resource Development who by virtue of his position also acts as the President, Board of Trustees, EOBI. Mr. Ifikhar Rahim, Joint Secretary, Ministry of HRD, and Rao Liaquat Muneer, Financial Adviser Ministry of Human Resource Development were also introduced.

4. The Secretary, Ministry of Human Resource Development / President BOT while welcoming the Board members, emphasized that they should perform their responsibilities as a National Obligation and desired that Board would serve with their best abilities to achieve the goals of the organization. Mr. Iqbal Dawood, Employees' Representative on behalf of BOT members, welcomed Secretary, Ministry of Human Resource Development / President Board of Trustees of EOBI and other new members of the Board and assured their full support. Thereafter, meeting took up the agenda.

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AGENDA ITEM NO. 1

CONFIRMATION OF MINUTES OF 99th BOT MEETING

5. Secretary, BOT informed that the minutes of the 99th BOT meeting had already been circulated amongst the members. No written comments were received from them. The President, BOT thereupon invited the Board members for giving their observations/comments. Since no comments / observations were received from any Board member, therefore, the minutes of the 99th BOT meeting were confirmed. However, regarding termination of probation period of employees of EOBI, it was decided that EOBI should follow the rules of federal government on the subject.

6. The President, BOT replying to the concerns of the Chairman, EOBI regarding re-fixing of probation period stated that since matter of appointments of EOBI employees' and certain related issues are pending before the Supreme Court of Pakistan, therefore, it would be appropriate to be more cautious for that and follow the existing rules, Law on the subject and regulations strictly.

7. The President BOT while considering Chairman Observations regarding SAHARA Insurance Company and PRIMACO advised that management must adhere to the prevailing Rules and Regulations and avoid any deviation from the Law. He further advised that while proposing or planning any investment plan/project, management must ensure that the same should be well founded, having proper feasibilities and assurance of safety/ security of EOBI funds and in the best interest of organization.

Agenda Item No.2

TO CONSIDER AND APPROVE THE APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2010-2011.

8. The Secretary, Board informed that M/s. Avais Hyder Liaquat Nauman, Chartered Accountants have been Auditing the Accounts of the Institution from the financial year 2006-07 and their performance was up to the marks. Normally auditors can continue for a period of five years, therefore, they were legally eligible for another term. Keeping in view their working relationship, experience and expertise, the Institution intends to continue their services for the fifth year and wants them to be appointed as External Auditors for financial year 2010-11.

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9. The Financial Adviser informed that he had attended two Audit Committee meetings held on 29th August, and 19th September, 2011 wherein this item was discussed and after evaluating the market based fees and the nature of assignment the Audit Committee recommended the appointment of M/s Avais Hyder Liaquat Nauman, Chartered Accountants for the financial year 2010-2011. The Joint Secretary, Ministry of Human Resource Development also seconded him and recommended the appointment.

10. The Board after due deliberations recommended to appoint M/s. Avais Hyder Liaquat Nauman, Chartered Accountants as External Auditors of EOBI to Audit its accounts for the year 2010-11 at remuneration / fee of Rs.9,31,000/- (Rupees nine hundred thirty one thousand only), the details of which is as under:-

		Proposed for 2010-11
01	Audit of the Institutions' accounts (Separate & Consolidated) for 2010-11- Professional Fees	660,000
02	Charges for visit of offices outside Karachi.	40,000
03	Audit of EOBI Employees Pension Fund A/cs. For 2010-11	30,000
04	Audit of EOBI Employees Contributory Provident Fund Trust A/cs.	25,000
05	Audit of the PRIMACO's A/c. For 2010-11	110,000
06	Out of Pocket Expenses	66,000
		9,31,000
There is 13.94% increase as compared to previous year.		

Agenda Item No.3

TO CONSIDER AND APPROVE EOBI AUDITED ACCOUNTS FOR THE FINANCIAL YEAR 2009-2010

11. Mr. Imdad Ali Sheikh, FA/DG (F&A) presented the Audited Accounts of the Institution for 2009-2010 and briefed that prior this meeting two Audit Committee meetings were held and these accounts were examined in detail. The committee also considered the observations /recommendations of the Auditor as per their Management Letter to EOBI. Each and every point/observation was discussed in detail and committee after thorough discussions was of the view that since there was no qualification/no objection made by the Auditor and Accounts were prepared and presented in a professional manner and having no adverse remarks thus Audit Committee of the Board recommended the same for approval. The FA/DG (F&A) once again briefed members of

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the Board about the ^{salient features} ~~silent features~~ of the Audited Accounts for 2009-2010 and the observations/recommendations of the Auditors.

12. The Joint Secretary HRD expressing his views stated that the Accounts seem to be prepared in a most professional manner and the certificates issued by the Auditors were upto the marks. He however pointed out that EOBI properties under litigation need proper and regular follow up so that interest of the Institution are secured. The Chairman, EOBI explained the present status of all such properties and assured the Board that all possible efforts have already been made to defend the Institution's stance and protect the interests of the Institution. The President, BOT responding to his clarifications, stressed upon the need and importance of properly defending all court cases and to ensure the protection of the Institution's interests. He, while providing some guidelines, directed that henceforth a senior officer of the institution be detailed to pursue and supervise all litigation on a regular basis. Officers dealing with these cases must attend all hearings and defend the interest of the Institution in a most professional and prudent manner. Any lapses on the part of the EOBI management will be taken seriously. He specifically emphasized the litigation of Investment Properties such as ICHHRA and Thokar Niaz Baig plots and directed to take immediate action by way of initiating appropriate measures including legal action against all concerned, issue notices so that the possession of the plots could be made possible. Any negotiation or deal only to pay back the purchase price, would not be accepted without considering due payments in respect of the opportunity cost and compensation on account of prevailing market value of these plots. With these observations, Board approved the EOBI Audited Annual Accounts for the financial year 2010-2011.

TO CONSIDER AND APPROVE THE REVISED BUDGET FOR 2010-11 AND PROPOSED BUDGET ESTIMATES FOR 2011-2012.

13. FA/DG(F&A) briefing about the recommendations of the Audit Committee of the Board and informed that Audit Committee has recommended the approval of the Revised Budget 2010-2011 and Proposed Budget 2011-2012. He thereafter briefed about the ^{salient features} ~~silent features~~ of the budget, as under:-

Description	(Rupees in Million)		
	2010-2011		2011-2012
	Budget Estimates	Revised Estimates	Budget Estimates
	29,593.902	27,321.207	
Contribution Income	9,221.000	9,519.700	10,000.000
Fixed Investment income	18,400.002	18,808.375	21,119.264
Equity Income	1,886.000	1,792.858	2,495.000
Other Income	86.900	60.274	88.535
	15,521.757	14,181.137	
Benefit payment	10,320.000	9,465.000	11,753.000
Non development	12,778.733	11,866.562	13,999.760
Management expenses	2,458.733	2,401.562	2,240.760
Development	2,743.024	1,626.010	11,919.713

14. While considering the Budget document and the presentation of the DG(F&A) Board members raised different questions and queries which were replied by the Chairman, EOBI and the Director General (F&A). The Board after deliberations approved the Revised Budget 2010-2011 and Proposed Budget Estimate 2011-2012, with following observations and guidelines, for further improvement of the financial management and efficiency of the institution.

- **The President, BOT** while considering the proposed enhancement in contribution target wanted to know the criteria and rational for the enhancement. He advised that enhancement should be based on a systematic/scientific approach which justify the same. He was of the view that tremendous change can be brought in by extending Social Security Net to all such activities which have yet not been covered under EOB Scheme. He stressed upon the management to endeavour their best, covering all such unattended sectors of activities. He further advised to carry out physical survey by the respective Region/Field Offices to unearth all such establishments required to be covered under the law.

- Expressing his deep concern over the non-development expenditures directed management to be more mindful while proposing such expenditures. He also advised to be more cautious in planning /proposing investment projects which need to be based on protecting the interests of the Institution and strictly in accordance with prevailing Rules and Regulations.
- While considering medical expenditures, he observed that system of reimbursement of medical bills; POL, Maintenance and repair of vehicles need to be revisited. He also showed his concern over the generous payments of overtime, conveyance allowance, transport, meal charges etc.
- The purchase and use of vehicles for officers and field offices must be in accordance with the entitlement of respective officers and strictly in accordance with EOBI Rules and Regulations.
- While considering shifting of the Head Office building, advised that proper Fire Fighting arrangements, rescue procedures, basement treatment should be adhered to as per standard procedures. The standard drill needs to be observed in its true sense to avoid any accident.
- **The Joint Secretary, HRD** observed and recommended that the process of reconciliation of bank accounts be given priority.
- The expenditures in respect of HR need to be observed with a rational of financial discipline and prescribed codal formalities/procedures.
- The recommendations of the Auditors through management letter needs to be implemented in its true spirit.
- **The Financial Adviser** observed that increases proposed by the management in terms of pay and allowances must be in conformity with EOBI Rules and Regulations.
- Medical allowance /medical reimbursement were on higher side, management must ensure internal control over such reimbursement.
- Non development expenditures must be in line with the requirements to ensure capacity building of officials and improvement in the efficiency.
- 150 million rupees expenditures for publicity for the financial year 2010-11- also is on higher side. Management must ensure transparency and purpose oriented utilization of the allocated fund.
- Third party evaluation of EOBI Fund was recommended through regular Actuarial evaluation.

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Agenda Item No.5TO CONSIDER AND RESTORE THE EARNED LEAVES ACCUMULATION BEYOND 180 DAYS AND DISCONTINUATION OF ANNUAL EARNED LEAVES ENCASHMENT P.

15. The Board was informed that in 67th BOT meeting held on 17-01-2004 it was decided to restrict the accumulation of earned leaves up to 180 days, whereby the credit of leaves in an employee's accounts at the time of retirement, remained only 180 days whereas as per Regulation-59 of EOBI (Employees Service) Regulations, 1980, an employee can proceed on Leave Preparatory to Retirement (LPR) upto 365 days, subject to availability of leave in his/her account. Due to above decision of the Board, the retired employees can only proceed on LPR upto 180 days which was contrary to EOBI Leave Regulations.

16. In order to redress this anomaly and to bring EOBI Leave Rules / Regulations in conformity with Government Servants (Leave) Rules, 1980, the BOT was requested to allow the following:

To review its earlier decision taken in its 67th meeting and remove the maximum limit of 180 days on accumulation of earned leave.

- a) *To discontinue the prevailing facility of leave encashment admissible to serving employees for 15 days per annum.*

17. **The Board after due deliberation decided to withdraw the decision of 67th BOT meeting and directed that EOBI should follow Government Servant's (Leave) Rules, 1980 as far as LPR and Leave Encashment is concerned.**

18. Mr. Gul Rehman, Employees' Representative KPK referring to his earlier request regarding the enhancement of pension payments to EOBI pensioners reiterated that his proposal has yet not been attended to and no effort seems to have been made to implement the directives of the Prime Minister of Pakistan. The Chairman, EOBI clarified that a committee of the Board members was constituted, which in consultation, *Mulhitar* with the Actuary proposed certain measures, with emphasis on restoring the legal provision of matching grant by the Government to EOBI so that the proposal to enhance the pension be made possible. These recommendations were accordingly forwarded to the Ministry for their consideration. **The President Board assuring his support directed the Joint Secretary, Ministry of HRD to take up the matter with Finance Division. He also directed EOBI management to revisit the issue and bring it before the Board for further consideration.**

19. *There being no other item, the meeting ended with a vote of thanks to the chair.*