

**MINUTES OF THE 88<sup>th</sup> MEETING OF BOARD OF TRUSTEES  
OF EOBI HELD ON 02-01-2010 AT KARACHI.**

The 88<sup>th</sup> meeting of the Board of Trustees of EOBI was held on 2<sup>nd</sup> January, 2010 at 2:30 p.m. in the Board Room of EOBI Head Office, Karachi to consider the following agenda:-

S. #	Agenda Items
01.	To confirm the minutes of 87 <sup>th</sup> BOT meeting held on 25-11-2009 at Islamabad.
02.	To consider the report of Audit Committee meeting held on 18 <sup>th</sup> & 19 <sup>th</sup> December, 2009 at Karachi.
03.	To consider the minutes and recommendations of HR Committee meetings held on 10 <sup>th</sup> December and 17 <sup>th</sup> December, 2009 at Karachi and Islamabad, respectively.

2. The meeting was presided over by the Secretary, Labour & Manpower.  
The following attended the meeting:-

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| 1. | Mr. Tariq Iqbal Puri<br>Federal Secretary, M/o Labour & Manpower | President, BOT |
| 2. | Mr. Zafar Iqbal Gondal<br>Chairman, EOBI                         | Member, BOT    |
| 3. | Mr. Shahrukh Nusrat<br>Joint Secretary, M/o Labour & Manpower    | Member, BOT    |
| 6. | Mr. Alam Din Bullo<br>Secretary, Labour Sindh                    | Member, BOT    |
| 7. | Mr. Habibuddin Junaidi<br>Employees' representative, Sindh       | Member, BOT    |
| 8. | Malik Imtiaz Mehfooz<br>Employees' representative, Balochistan   | Member, BOT    |
| 9. | Syed Imran Ali Shah<br>Employees' representative, Punjab         | Member, BOT    |

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| 10. | Mr. Gul Rehman<br>Employees' representative, Khyber-Pukhtoonkhwah      | Member, BOT    |
| 13. | Syed Iqbal Shah<br>Employers' representative, Balochistan              | Member, BOT    |
| 14. | Malik Zahid Hussain<br>Employers' representative, Khyber-Pukhtoonkhwah | Member, BOT    |
| 15. | Mr. Mushtaq Ahmed Sammo  | Secretary, BOT |

3. Secretary, Labour Punjab (Mr. Altaf Ezid Khan) and Mr. Fjaz Qayyum Butt, Employers' Representative, Punjab could not attend the meeting due to change of their flights schedule because of bad weather. Secretary, Labour Balouchistan (Mr. Umar Babar Khan), Financial Adviser (Mr. Tahawar Ahmed) and Mr. Iqbal Dawood, Employers' Representative Sindh could also not attend the meeting due to their other commitments.

4. The meeting started with the recitation from the Holy Quran. Secretary, BOT introduced the new President, Board of Trustees Mr. Tariq Iqbal Puri and the new Chairman of the Institution Mr. Zafar Iqbal Gondal and requested them to express their views. The President, BOT thanked the Board members for their participation in the meeting on short notice and acknowledged that their presence shows their commitment for the important business of EOBI. He emphasized the role of the Board Members and expressed the hope that with their support and rich experience in respective fields, the Institution shall achieve the desired goals of providing better services to the old pensioners for which the Institution was established, besides improving the collection, verification and registration of the establishments. The Chairman, EOBI Mr. Zafar Iqbal Gondal seconded these views and stated that he shall render all possible assistance to the Board in achieving its business objectives. The members individually welcomed both of them and also assured their full support and cooperation for furtherance of the Institutional goals.

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**AGENDA ITEM NO. 1.**

To confirm the minutes of 87<sup>th</sup> BOT meeting held on 25-11-2009 at Islamabad.

5. The Secretary, BOT informed that minutes of the 87<sup>th</sup> BOT meeting have not yet been approved by the then President, BOT and therefore, the same could not be circulated amongst the members prior to this (88<sup>th</sup>) meeting. The Secretary, BOT thereupon, requested the President, BOT to defer the confirmation of the minutes of 87<sup>th</sup> meeting of the BOT, which may be confirmed jointly in the next meeting with the minutes of current BOT meeting.

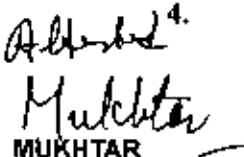
6. The Board, accordingly, deferred the confirmation of the minutes of the 87<sup>th</sup> BOT meeting, till its next meeting.

**AGENDA ITEM NO 2.**

To consider the report of Audit Committee meeting held on 18<sup>th</sup> & 19<sup>th</sup> December, 2009 at Karachi.

7. Before presenting this item the Secretary, BOT circulated copies of the extract of agenda item No.2 of 86<sup>th</sup> BOT meeting held on 26<sup>th</sup> October, 2009 and informed that while discussing the ongoing progress on the implementation status of the decisions, in the said meeting, the Board had decided to hold a special Audit meeting to ascertain the progress of reconciliation process and to enquire into the allegations of issuance of fake pensions by United Bank Limited (UBL). Accordingly, the Committee held special meeting for two days at Karachi. Following Board members attended the meeting:

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| 1. | <b>Syed Iqbal Shah</b><br>Employers' Representative, Balochistan   | <b>Convener</b> |
| 2. | <b>Mr. Shahrukh Nursrat</b><br>Joint Secretary, Labour, Islamabad, | <b>Member</b>   |
| 3. | <b>Mr. Tahawar Ahmed</b><br>FA, Labour, MOI., Islamabad            | <b>Member</b>   |
| 4. | <b>Syed Imran Ali Shah</b><br>Employees' Representative, Punjab    | <b>Member</b>   |

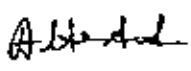

  
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5.	<b>Mr. Altaf Ezid Khan</b> Secretary Labour, Punjab	<b>Member</b>
6.	<b>Mr. Alamdin Bullo</b> Secretary Labour, Sindh,	<b>Member</b>
7.	<b>Mr. Farooq Ahmed Awan</b> Investment Advisor, EOBI	<b>Member</b>
8.	<b>Mr. Manzoor Ali Bhatti</b> FA/DG (F&A), EOBI	<b>Member</b>
9.	<b>Mr. Sher Muhammad</b> Offg. DDG, (Audit) EOBI	<b>Member</b>
10.	<b>Mr. Mushtaq Ahmed Sammo</b> Secretary, BOT	<b>Secretary</b>

8. The Audit Committee visited the Head Offices of National Bank of Pakistan (NBP) and United Bank Limited (UBL) to ascertain the factual position / progress so far made to reconcile the disbursements and collection by these Banks. During the course of detailed discussions with the banks authorities, it was noticed that reconciliation could not be accomplished due to non-availability of proper record. The Committee, in consultation with the authorities of National Bank of Pakistan and United Bank Limited and senior officers of the Institution decided that a time-bound programme to accomplish the task be given by the Board. The details of Committee's decisions are given below:-

**National Bank of Pakistan (NBP):**

1. EOBI shall provide master files of insured persons to the management of National Bank in sealed envelopes within ten days.
2. National Bank shall provide up to date verified data, which had already been prepared and duly verified by the bank till date to EOBI within a period of seven days.
3. Both the teams of I.T personnel of National Bank of Pakistan and EOBI will sit together and help each other in reconciliation.
4. A system of reconciliation on the basis of source documents provided by the respective Region be evolved on the pattern of AGPR system whereby provision of treasury is provided.

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5. Standard Operating Procedure (SOP) shall be evolved with mutual consent of both the EOBI and National Bank of Pakistan.

**United Bank Limited (UBL)**

1. Reconciliation shall be made on the basis of available hard copies, by way of checking each and every receipt /voucher manually.
2. EOBI shall provide all remaining data latest by 23<sup>rd</sup> December, 2009.
3. Both teams of EOBI and UBL shall sit together and verify the record.
4. On 31<sup>st</sup> December, 2009 UBL will provide time bound programme for verification process.
5. The process will start from 10<sup>th</sup> January, 2010 and it shall be completed latest by 15<sup>th</sup> of February, 2010, positively.

9. The Secretary, BOT, thereafter apprised the Board about the 2<sup>nd</sup> day's proceedings wherein audit observations made by the Dy. Director General (Internal Audit) in respect of Quarterly Audit Reports were discussed. In all, six Quarterly Reports were discussed for the period from January, 2008 to September, 2009.

10. The President, BOT appreciated the observations made by Internal Audit and emphasized that reconciliation should be accorded foremost priority by the Institution because no laxity is affordable in this important and inevitable job. The Institution must, therefore focus on record building and proper reconciliation. The President, BOT further observed that officers of the Institution were not performing their duties accordingly. **He, therefore, suggested that for updating the record a proper mapping exercise be initiated without further delay, which should reveal the details of total insured persons registered so far as well as active ones. He further directed that each Regional Head be made responsible to improve and verify regions data by consulting sister organizations like Provincial Employees' Social Security Institutions and**

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**Provincial Labour Directorates. The management should also avail the facility of NADRA to authenticate the data.**

11. The Chairman, EOBI observed that Audit Department must consult the concerned departments before finalizing observations so that all issues which could be clarified at Institution's level are not unnecessarily made part of audit observations. He asserted that positive and constructive audit approach is essential to stream line the working of the Institution on one hand and safeguard the credibility of the Institution on the other. He further emphasized that data mining and management should be regarded as priority of the Institution and for this purpose, as suggested by the President, BOT, the Institution should not feel shy to seek cooperation and assistance from other sister organizations, such as Provincial Social Security Institution and Provincial Labour Departments etc to improve the data quality.

12. The Board directed that the compliance report along with progress made on above decisions be presented in the next meeting.

**AGENDA ITEM NO 3.**

To consider the minutes and recommendations of HR Committee meeting held on 10<sup>th</sup> December and 17<sup>th</sup> December, 2009 at Karachi and Islamabad, respectively.

13. The Board was apprised that in 87th BOT meeting, the Institution had proposed its restructuring and submitted a working paper. The Board, however, observed that restructuring is a serious matter, which requires proper and thorough scrutiny that was not possible in one BOT sitting. The Board therefore, decided to refer the matter to the HR Committee with an advice to fully deliberate upon each issue and come up with comprehensive recommendations. Accordingly, the HR Committee held its first meeting on 10<sup>th</sup> December, 2009 at Karachi, wherein the following participated:

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| 1. | <b>Malik Zahid Hussain</b><br>Employers' Representative, Khyber-Pukhtoonkhwah | Convener         |
| 2. | <b>Malik Imtiaz Mahfooz</b><br>Employees' Representative, Balochistan         | Member           |
| 3. | <b>Mr. Shahrukh Nusrat</b><br>Joint Secretary, Labour and Manpower            | Member           |
| 4. | <b>Mr. Jamil Ahmed</b><br>Secretary, Labour Khyber-Pukhtoonkhwah              | Member           |
| 5. | <b>Mr. Mushtaq Ahmed Sammo</b><br>Secretary, BOT                              | Member/Secretary |

14. The Committee, after detailed discussions and thorough deliberations, in consultations with Director General (Ops), Mr. M. Hanif, recommended that the existing system was not sufficient to cater for the requirements of monitoring and control of all thirty-seven (37) regions located in four (4) provinces. In order to improve control over the regions and to make monitoring and evaluation a result oriented process, all the existing 37 regions may be divided into two zone. One zone to deal with all regions located in provinces of Sindh and Balochistan and the other to oversee all regions located in provinces of Punjab and Khyber Pakhtunkhwa. Each zone shall be controlled by an officer to be stationed at Lahore or Islamabad and the other at Karachi or Hyderabad and both of them will directly report to the Chairman. The HR Committee agreed that details shall be discussed and decided in its next meeting.

15. The HR Committee again met on 17<sup>th</sup> December, 2009 at Islamabad. The members re-examined their recommendations in the light of observations and discussions with concerned quarters and DG (Operations) Mr. Muhammad Hanif and finally firmed up their recommendations, as under:-

- The operational activities of the Institution shall be divided into two zones (namely North and South). South Zone shall consist of Regional Offices located in Sindh and Balochistan Provinces and North Zone shall consist of Regional Offices located in Punjab and Khyber-Pakhtunkhwa Provinces.

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- Each zone shall be headed by a Director General (Operations) in Grade-11 of EOBI.
- Both Director Generals will directly report to Chairman, EOBI.
- Director General, North will be posted at Islamabad and the Director General, South at Karachi.
- Each Director General (Ops) will be assisted by one Deputy Director General (B&C) in Grade-10 of EOBI.
- The method of appointment of Director General (Operations) will be 50% by promotion and 50% by deputation/transfer.
- The HR Department shall be separated from the Operation Department and it shall report directly to the Chairman.
- The requisite amendments shall be made accordingly in the respective regulations, procedures and method of appointment.

16. While discussing the recommendations of the HR Committee, the Chairman, EOBI observed that the Institution has failed to achieve the given targets, particularly the goals set for the Operation Department and the recommendations of the honorable members under the present circumstances appeared to be justified. He however, requested that since he had joined the office very recently, some time may be allowed to him to examine the working setup of the Institution and recommendations of the HR committee so that the very purpose of restructuring of the Institution could be met in its true spirit.

17. The Chairman, further opined that there was a lot of room available to review recommendations e.g. instead of fixing method of appointment of Director General (Operations) as 50% by promotion and 50% by transfer/deputation, it should be left open so that suitable and right person could be appointed for the job. He also suggested that the very purpose of the restructuring was to revamp the entire Institution and not only the Operation Department because simply restructuring the core business (operation) without considering the desired

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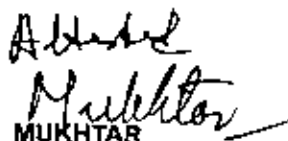


modifications in support business set-up may not yield the desired results. He therefore, sought time to formulate workable modifications in the recommendations of the HR Committee.

18. The members of the Board unanimously agreed in principle that restructuring was justified and should be implemented. However, necessary measures need to be taken to ensure that the contribution target is achieved and the EOBI scheme is extended to all uncovered sectors as well.

19. The Board also decided that henceforth all incentives such as bonus /group incentives shall be extended on the basis of performance, judged from the recovery of arrears, achievement of target, number of units unearthed for the purpose of registration, proper regular maintenance of record in respect of establishments (employers), insured person, pensioners and of course the essential reconciliation of all the data etc. According to the Chairman, EOBI's request for grant of time for formulation of modifications in the recommendations of HR Committee, the Board requested that his considered proposals may be finalized at the earliest.

20. The Board further decided that its meetings should be convened every month, preferably in all Provincial Headquarters as well as at Regional Offices to enable Board members to witness themselves the working and performance of Regions. It was further decided that agenda of BOT as well as of its Committee's meetings shall be circulated at least seven (7) days prior to the meeting date. The President, BOT categorically directed Secretary, BOT to issue three (3) months meeting program in advance so that the members may conveniently arrange their commitments. The Employees' Old-Age Benefits (Board of Trustees) Rules, 1977 may be suitably amended because under these rules the notice of BOT meeting alongwith agenda / working paper is required to be circulated to all the members at least fifteen (15) days prior to meeting.

  
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**Any other Agenda Item No. 1**

To consider the Investment Proposal in respect of Direct to Home (DTH) Project.

21. The Investment Advisor apprised the Board that Institution has been exploring new avenues like investment in energy, entertainment and other sectors of economy. In this regard, a proposal was discussed in 85th BOT meeting and the Board decided to appoint a consultant. Accordingly, offers were invited through press and only one company came up for the job, which has been invited to brief the Board. The Investment Advisor introduced M/s. Ahsan and Iqbal Latif as Directors of the Consultant Company. While briefing about their proposal, they apprised that the **Direct-to-Home (DTH)** service is one of the newly explored investment opportunities. DTH is defined as the reception of satellite programs through a satellite antenna which sends signals through a cable to a set top box/decoder, so that they can be relayed on home TV. This service (Direct-to-Home) offers the following advantages:-

- Crystal clear reception, improved Digital Picture and Sound quality.
- Hundred Plus (100 + ) Digital Channels
- No break in service due to electricity breakdowns
- Coverage all over Pakistan and abroad depending on the footprint.

22. The Company Directors further informed that most of the developed and under developed countries have already switched over to DTH and if Institution decided to invest in this opportunity, the chances to recover the investment were absolutely certain along with a reasonable profit in a shortest possible period. The proposal requires a financial out lay of around Rs.3 billion in two years. They added that at present there was no other DTH service provider in the country and the Institution would as such have a first mover advantage and on modest assumption, could get IRR of 93% per annum from the investment. The Institution shall recover all cost and become profitable in two years. They further informed that license for the company is in the name of PTV Employees Organization and therefore, a joint venture would be signed by EOBI and PTV Employees Organization - the terms and conditions would be negotiable.

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They however insisted that an early decision would be required as the license is liable to be renewed before August 2010.

23. The Board enquired about the status of the license and its credibility. Besides, the process of obtaining new license, purely for EOBI. The BOT further discussed the merits and demerits of the joint venture and the contents of the tender issued in this respect and after detailed discussions observed / decided as follows:

- Tender issued for the consultancy firm was not proper as the requirements were not clearly mentioned therein. It would, therefore, be appropriate to re-advertise the same in accordance with PPRA Rules.
- The process of advertisement and finalization of the tender should be accomplished latest by 21<sup>st</sup> January, 2010.
- In the mean time Institution should apply for the license.

**Meeting ended with thanks to and from the chair**

  
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