

**MINUTES OF THE 77th MEETING OF THE BOARD OF TRUSTEES
HELD ON 16th & 17th January 2007, AT HEAD OFFICE, KARACHI.**

The 77th meeting of the Board of Trustees of EOBI was held at 10:30 am and 10: 00 am on 16th & 17th January 2007, respectively at EOBI, Head Office, G.P.O Building I.I Chundrigar Road Karachi to consider the following Agenda:

| S.NO | AGENDA ITEMS |
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| 1. | To confirm minutes of the 75 th and 76 th meetings of the Board of Trustees |
| 2. | To review compliance/progress on decisions taken by the Board in its 75 th and 76 th meetings |
| 3. | To review performance of the institution, minutes of 103 rd to 112 th and the emergent meetings of the investment committee |
| 4. | Briefing by the Investment Adviser in respect of Investment and Real Estate Departments' activities |
| 5. | To review and approve perks and allowances admissible to serving and retired employees of EOBI |
| 6. | To consider and approve grant of dearness allowance w.e.f. July 2006 to the employees of EOBI and increase in pension of the retired employees effective 1 st July 2006 |
| 7. | To review and approve Chairman's powers to grant special pay |
| 8. | To consider and approve withdrawal of vehicle facility to senior officers on retirement |
| 9. | To consider and approve justification for use of vehicles in Head Office (staff cars) and Field Offices (operational vehicles) |
| 10. | To consider and approve recruitment against vacant posts |
| 11. | To consider and approve restructuring the F&A department |
| 12. | To consider and approve restructuring the Audit department |
| 13. | To consider and approve (i) Quorum requirement and (ii) change in composition of the Audit Committee of the Board for holding meetings |
| 14. | To consider and approve the rationalization of the strength of Executive Officers and Assistant Directors |
| 15. | To consider and approve withdrawal of medical facility to retired Financial Adviser/DG (F&I) |
| 16. | To consider and approve compulsory vaccination against hepatitis for all employees and their dependents |
| 17. | To consider and approve up-gradation of the post of Programmer from grade 7 to 8 |
| 18. | To consider and approve amendments in EOB (Investments) Rules 1979 |

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| 19. | To consider and approve revised budget for cost of service of Reuters for 2006-2007 |
| 20. | To consider and approve renewal of investment advisory services agreement with KASB |
| 21. | To review status report of PRIMACO as on 31-12-2006 |
| 22. | To consider and approve grant of budget for the final bill of civil works of Peshawar project |
| 23. | To consider and approve additional budget for 2 nd time House Building loan to October 2005 Earthquake Affectees |
| 24. | To consider and approve the sale of bungalow No. 14-J, P.E.C.H.S., Karachi |
| 25. | To consider and approve streamlining Legal Support System in EOBI |
| 26. | To consider and approve appointment of Actuary |
| 27. | To consider switchover to National Bank of Pakistan (NBP) for banking services and approve the additional budget |
| 28. | To consider and approve waiver of arrears of contribution of Al-Shifa Trust Eye Hospital |
| 29. | To consider and approve the appointment of Project Director and two posts of IT and additional budget |
| 30. | To consider and approve budget allocation of Rs. 59.117 million for core IT Infrastructure Project as per PC-I |
| 31. | To consider and approve budget allocation of Rs. 5.904 million for NADRA services |
| 32. | To consider and approve the audited annual accounts for the financial year 2005-06 |
| 33. | To consider and approve revision of PR-02A form for record building of insured person |

2. The meeting was presided over by Malik Asif Hayat, President Board of Trustees / Secretary, Labour and Manpower. The following attended the meeting:

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| 1. Malik Asif Hayat <i>Secretary, Labour and Manpower</i> | President |
| 2. Brig. Akhtar Zamin (R) Chairman, EOBI | Member |
| 3. Mr. Eijaz Mohiudin <i>Joint Secretary (Labour)</i> | Member |
| 4. Mr. Arshad Jamil Khokhar <i>Financial Advisor</i> | Member |

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| 5. Mr. Hassan Nawaz Tarar <i>Secretary Labour, Punjab</i> | Member |
| 6. Mr. Nasar Hayat <i>Secretary Labour, Sindh</i> | Member |
| 7. Mr. Abdul Khaliq <i>Secretary Labour, N.W.F.P</i> | Member |
| 8. Mr. Nazim F. Haji <i>Employers Representative (Sindh)</i> | Member |
| 9. Mr. Noor-ud-Din F. Daud <i>Employers Representative, NWFP</i> | Member |
| 10. Sarddar Ahmed Ali Jomezai <i>Employers Representative (Baluchistan)</i> | Member |
| 11. Mr. Abdul Aziz Abbasi <i>Employees Representative, Sindh</i> | Member |
| 12. Mr. Muhammad Zaman <i>Employees Representative NWFP</i> | Member |
| 13. Mr. Sultan Muhammad Khan <i>Employees' Representative, Balochistan</i> | Member |
| 14. Mushtaq Ahmed Sammo <i>ADG EOBI</i> | Secretary BOT |

3. Mr. Akhtar Jamil Khan FA/DG (F&A) and Mr. Farooq Ahmed Awan Investment Advisor, EOBI, attended the meeting as Co-opted members.

4. Mr. Danish K. Manno Employers Representative from Punjab province had already submitted his resignation, which has been accepted as communicated by the Ministry of Labour Manpower. Mr. Arbab Muhammad Yousaf, Secretary Labour Department, Baluchistan and Chaudhary Zaheer Ahmed Taj, Employee's Representative of Punjab Province could not attend the meeting.

5. The meeting commenced with recitation from Holy Quran by Mr. Nooruddin F. Daud. The President BOT welcoming the participants allowed Secretary Board to proceed as per the agenda.

AGENDA ITEM NO: 1**TO CONFIRM MINUTES OF 75TH AND 76TH MEETINGS OF THE BOARD OF TRUSTEES.**

6. Secretary Board informed that minutes of both the meetings had already been circulated amongst all the Board members. Few observations in respect of 75th BOT meeting had been received and no observation in respect of 76th BOT meeting was received. Secretary BOT informed that following objections / observations were made by Mr. Zaheer Ahmed Taj, Mr Nooruddin Daud, and the Financial Advisors in respect of 75th BOT meeting.

- Why officers from judiciary have not been employed as Adjudicating Authority, as decided earlier by the Board?
- Why field office of Hassan Abdal has yet not been merged with Hattar?
- Whether the Working Paper for pay scale and perks has been forwarded to the Ministry?

7. Secretary Board clarified that Board had already decided in its 74th meeting that for time being officers of the institution would be assigned the job of Adjudicating Authority. The Management has merged field office Hassan Abdal with Rawalpindi Region and office order to this effect has been issued. The Working Paper on pay scales of EOBI employees has been forwarded to the Ministry of Labour Manpower.

8. The President BOT after the clarification made by the Secretary Board invited members for any further objections, if any. There being no further objection / observation the minutes of 75th & 76th BOT meetings were declared confirmed.

AGENDA ITEM NO: 2**TO REVIEW COMPLIANCE/PROGRESS ON DECISIONS TAKEN BY THE BOARD IN ITS 75TH AND 76TH MEETINGS**

9. Secretary Board reported about the compliance made by different departments of the Institution on decisions taken in the 75th & 76th BOT meetings. After detailed review and discussions on compliance position, following decisions were taken that:

- That Regulations approved by BOT in its 75th meeting held on 25-26 January, 2006 for regularization of the contract employees of EOBI need

to be notified in the official gazette as required under section 45 of EOB Act. The management was directed to send the same to the Ministry for notification, at the earliest.

- All orders of regularization of contract employees be withdrawn and be issued after the notification of Regulations in the Official Gazette.
- Dispute Resolution Committees to improve their role in collection of arrears from defaulters.
- Management to strive hard to achieve the assigned contribution target.
- Job description of Regional Head to be incorporated in the Manual.
- Performance Evaluation Performa be attached with each Field Officer's ACR to ensure better assessment of the officer.
- Exercise undertaken for incorporation to various decisions of the Board in respective Rules /Regulations be concluded expeditiously.
- Draft Regulations for verification of records /accounts be circulated to the BOT members for obtaining their views.
- Management to expedite finalization of the incentive scheme for EOBI employees.
- Proposal/TORs for re-organization of Head Quarter be referred to the newly constituted HR Committee.
- Discrepancies pointed out by the Commercial Auditors be attended to on priority basis by the Audit Department.
- Investment made by the Investment Department in excess of prescribed limit be got condoned by the Ministry of Finance expeditiously.

10. Reviewing the compliance status, the Board revised the Regulations in respect of Determination of Complaints, Questions and Disputes under section 33 and 34 of the EOB Act 1976 with the following modifications:

- a) Requirement for Law Degree appearing in Regulation 3(1) be removed.
- b) Copies of complaint shall be provided to all parties by the institution. (Regulation 4(2)).
- c) Appeal period be allowed one-year (Regulation 4(3)).
- d) Definition of Officer means grad 10 officers. (Regulation 2(g))
- e) Enabling clause shall be included.

11. *Secretary Board informed opening of an account in CDC, was approved by the Board by circulation, and requested for confirmation of its approval. The Board confirmed the approval.*

AGENDA ITEM NO: 3

TO REVIEW PERFORMANCE OF THE INSTITUTION, MINUTES OF 103RD TO 112TH AND THE EMERGENT MEETINGS OF THE INVESTMENT COMMITTEE

12. Secretary Board briefed the members about the performance of the Institution in respect of (B&C) Department. He informed that B&C Department achieved 40% of the target for the financial year 2006-07 up to December, 2006 as against the 50% of the assigned target. The management was striving hard to accomplish the given assignment within the stipulated period. Providing relevant details he informed that 660 employers were registered during 2006-07 up to November 2006, whereas the total number of registered employers stands at 54673 since inception. The total number of registered employees up to November 2006 was 2,576,386 out of which active employees were 1,641,084. The number of newly registered employees during this period was 79,960. The total contributions during this period were Rs.1649 million. Total Arrears including current demand recovered was Rs. 43 million. Total recoverable arrears from Private Sector were Rs.832 million and from Public Sector were Rs.357 million.

13. President Board pointed out that original target for contribution for the period July 2005 to June 2006 was Rs. 3.7 billion, which was not achieved. However in view of explanations furnished by the Chairman in the 76th BOT a revised figures of Rs. 3.292. Billion was approved against which the actual collections stood at Rs. 3.339 Billion.

14. *President showed his dissatisfaction regarding recovery of gear up the recovery position.*

AGENDA ITEM NO: 4

BRIEFING BY THE INVESTMENT ADVISER IN RESPECT OF INVESTMENT AND REAL ESTATE DEPARTMENTS' ACTIVITIES

15. The Board decided to defer the item.

AGENDA ITEM NO: 5**TO REVIEW AND APPROVE PERKS AND ALLOWANCES
ADMISSIBLE TO SERVING AND RETIRED EMPLOYEES OF
EOBI**

16. The Board was apprised that Working Paper on pay scales, allowances perks and privileges admissible to EOBI employees is under submission to the Ministry for approval, as decided by the Board in its 75th BOT meeting. A copy of the working paper was placed before the Board for perusal and consideration. *The Board, however, decided that a Committee of the Board be constituted to review the working paper, which may then be placed before the Board for further consideration. TOR to be prepared by Senior Joint Secretary. The HR committee constituted for this purpose comprises the following:*

| | |
|----------------------------|-----------|
| 1) Mr. Nazim F. Haji. | Convener |
| 2) Joint Secretary, Labour | Member |
| 3) Financial Advisor | Member |
| 4) Secretary, NWFP | Member |
| 5) Secretary Board | Secretary |

17. *This committee will be known as HR Committee and Joint Secretary Labour will prepare its TOR. The Committee will accomplish the task within two months positively. The President BOT directed that henceforth Secretary Board would act as Secretary to all Board committees.*

ITEM NO: 6**TO CONSIDER AND APPROVE GRANT OF DEARNESS
ALLOWANCE W.E.F. JULY 2006 TO THE EMPLOYEES OF
EOBI AND INCREASE IN PENSION OF THE RETIRED
EMPLOYEES EFFECTIVE FROM 1ST JULY 2006**

18. Secretary Board apprised that Federal Government has granted Dearness Allowance @15% of the Basic Pay to in-Service Employees and also allowed increase in pension to retired government servant w.e.f. 1st July 2006.

19. In pursuance of the said directives the Management of EOBI requested the Board to consider and recommend the Dearness Allowance @ 15% to EOBI employees' w.e.f 1st July 2006. The management also requested for 15 % increase in pension for the EOBI retired / retiring employees' w.e.f 1st July 2006.

20. *After some discussions Board recommended dearness allowance @ 15% of the Basic Pay of the serving Employees of EOBI. The increase in pension of retired employees was allowed as the documents submitted in support thereof before the Board did not mention this benefit to Autonomous Bodies. The Board directed the Management to submit a revised paper with full justification for increasing the pension of retired /retiring employees of EOBI to the Ministry for further consideration.*

AGENDA ITEM NO: 7

TO REVIEW AND APPROVE CHAIRMAN'S POWERS TO GRANT SPECIAL PAY

21. The Board decided to refer the item to the newly Constituted HR Committee.

AGENDA ITEM NO: 8

TO CONSIDER AND APPROVE WITHDRAWAL OF VEHICLE FACILITY TO SENIOR OFFICERS ON RETIREMENT

22. Secretary Board apprised the Board in its 41st BOT meeting held on 21-05-1995 granted facility of providing a vehicle on book value or at 10% of the cost which ever is higher to retiring officers of DDG's grade and above. This facility was later on withdrawn in 75th BOT meeting by the Board. This decision adversely affected those officers who retired immediately after the decision.

23. The Board was therefore requested to review its decision and consider following proposals:

I. Restore the facility as per decision of 41st BOT meeting.

OR

II. Restrict the facility to the present serving DDGs as personal to the incumbents

OR

III. Withdraw the facility after close of that financial year i.e. with effect from 1st July 2006

24. *After detailed discussions, the Board decided that the Management may put up a paper to the Ministry giving justification for reviewing the earlier decision for obtaining guidance from Ministry of Finance and Ministry of law, on the issue.*

AGENDA ITEM NO: 9**TO CONSIDER AND APPROVE JUSTIFICATION FOR USE OF VEHICLES IN HEAD OFFICE (STAFF CARS) AND FIELD OFFICERS (OPERATIONAL VEHICLES)**

25. Board was informed that Institution was providing staff cars to officers in grade 10 (ADG) and above, working in Head Office and operational vehicles to officers in grade 8 and 9, as Regional Heads in various field offices. Board was further informed that 105 vehicles were required for smooth working of Head Office as well as field operations. The details for authorization were placed before the Board with request to approve the plan of authorization and also allow the purchase of 42 vehicles for the financial year 2006-07.

26. Board enquired about the authorization /entitlement of vehicle to officers. Secretary Board informed that no authorization was available; however as per practice, Chairman EOBI was empowered to allow /sanction vehicle to officer of grade 8 and above as provided in Regulation 9(2) (b) of the EOBI Employees Service Regulations 1980.

27. The President BOT clarified that EOBI Regulation were notified in the year 1981 and with the passage of time most of the powers allowed to organization working under the control of Ministries had been changed and the powers delegated to head of such organizations had also been withdrawn, therefore management should come up with revised working paper.

28. After due deliberations Board directed the Management to put up the case/authorization plan to Ministry of Labour & Manpower on the basis of available regulations and the practice for authorization of vehicle in EOBI as well as in other similar organizations working under the control of Federal Ministries. The request for purchase of vehicles be placed after approval of authorization / entitlement of vehicles to officers of EOBI.

AGENDA ITEM NO: 10**TO CONSIDER AND APPROVE RECRUITMENT AGAINST VACANT POSTS**

29. The Board decided to refer the item to the newly Constituted HR Committee

AGENDA ITEM NO: 11**TO CONSIDER AND APPROVE RESTRUCTURING THE F&A DEPARTMENT**

30. *The Board decided to refer the item to the newly constituted HR Committee, however keeping in view the urgency and necessity of some professional personnel in F&A department, Board allowed the management to recruit one ADG and one Director against vacant position on, regular posts, on usual pay scales admissible to regular employees of EOBI, strictly in accordance with prescribed procedures, observing all codal requirements.*

AGENDA ITEM NO: 12**TO CONSIDER AND APPROVE RESTRUCTURING THE AUDIT DEPARTMENT**

31. The Board decided to refer the item to the newly Constituted HR Committee

AGENDA ITEM NO: 13**TO CONSIDER AND APPROVE (I) QUORUM REQUIREMENT AND (II) CHANGE IN COMPOSITION OF THE AUDIT COMMITTEE OF THE BOARD FOR HOLDING MEETINGS**

32. The Board in its 67th BOT meeting decided that convener and three members shall form the quorum for the meeting of the Audit Committee of the Board. Apprising the members, Secretary Board informed that due to official commitments and urgent nature of duties Secretary Labour Sindh and Financial Advisor could not manage to attend meetings, which made it difficult to hold Audit meeting. Besides, the present convener of the Audit Committee also holds the convener-ship of Investment Committee that was not appropriate from the prospective of transparency and good governance. The Board was requested to consider reducing the quorum requirement for holding the meeting of Audit Committee from three to two members, and replace the present convener of the Audit Committee with any other member from a province other than Sindh.

33. *The Board decided that quorum requirement would remain the same; however number of members will be increased to manage the quorum problem. The Secretary Labour Punjab and employees Representative of Sindh Province will be*

the additional members of the Audit Committee. The present Convener, Mr. Nazim F. Haji will continue as convener of the committee till re-constitution of the committee whereas, in respect of investment matters the ADG (Audit) will act as convener of the Audit Committee for the sake of transparency and good governance

AGENDA ITEM NO: 14

TO CONSIDER AND APPROVE THE RATIONALIZATION OF THE STRENGTH OF EXECUTIVE OFFICERS AND ASSISTANT DIRECTORS

34. The Board decided to refer the item to the newly Constituted HR Committee.

AGENDA ITEM NO: 15

TO CONSIDER AND APPROVE WITHDRAWAL OF MEDICAL FACILITY TO RETIRED FINANCIAL ADVISER/DG (F&I)

35. Secretary BOT informed that medical facility was allowed to the retiring Financial Advisor / Director General (F&A) Mr. Zafar Mahmood by the Board in its 50th BOT meeting. The Institution while reviewing the perks and privileges admissible to retired President BOT noted that the Board had withdrawn similar medical facilities extended earlier to retired/serving president BOT. Board was requested to review the facilities allowed to retired Financial Advisor and DG (F&A) Mr. Zafar Mahmood, as he was posted in EOBI on deputation basis and was not a permanent employee of the Institution.

36. *Board after due deliberation decided to stop the facility with effect from 1st February 2007 to Mr. Zafar Mahmood retired Financial Advisor /Director General (F&A).*

AGENDA ITEM NO: 16

TO CONSIDER AND APPROVE COMPULSORY VACCINATION AGAINST HEPATITIS FOR ALL EMPLOYEES AND THEIR DEPENDENTS

37. Secretary BOT briefed that Institution incurred an amount of Rs. 32, 15,173/ since 1996 June 2006, on the treatment of Hepatitis in respect of its employee and their family members. This was not only an additional pressure on financial resource, but it was also a cause of emotional trauma for employees and their dependents. Management intends to introduce compulsory vaccination programme against Hepatitis for all employees and their dependants. The Board was requested to approve compulsory vaccination and approve an additional amount of Rs. 3.17 million for financial year 2006-07.

38. *Board allowed the compulsory vaccination against hepatitis for all of its employees and their dependants with additional amount of Rs. 3.17 million for the financial year 2006-07 and directed the Management that:*

- *Every employee and his /her dependents should complete full course to make it a fruit full exercise.*
- *Management to approach Red Crescent for provisions of quality medicine.*
- *Expenditures be arranged from the available budget and the excess amount be sought through revised budget. .*

AGENDA ITEM NO: 17

TO CONSIDER AND APPROVE UP-GRADATION OF THE POST OF PROGRAMMER FROM GRADE 7 TO 8

39. The Board decided to refer the item to the newly Constituted HR Committee.

AGENDA ITEM NO: 18

TO CONSIDER AND APPROVE AMENDMENTS IN EOB (INVESTMENTS) RULES 1979

40. The EOBI Investment Rules were framed way back in 1979. They require amendments to make it more, transparent and dynamic in light of changing economic environment and capital market developments. The Investment Committee decided to amend the Investment Rules and KASB was assigned to prepare proposed draft of EOBI Investment Rules. The legal consultant M/s Mohsin Tayebaly & Company vetted the amendments proposed by KASB.

41. *Board after due deliberation approved the amendment in Investment Rules with following observations and directed to send it to the Ministry for notification in official gazette as required under section 44 of the EOB Act 1976.*

- *Definitions used in Rules should be in conformity with State Laws such as the definition of “Strategic Holding”.*
- *Provisions of State Bank and other regulatory regulations should be observed scrupulously.*
- *In case of arbitration the matter will be referred only to Local Courts.*

AGENDA ITEM NO: 19**TO CONSIDER AND APPROVE REVISED BUDGET FOR COST OF SERVICE OF REUTERS FOR 2006-2007**

42. The Board was informed that the information obtained from REUTERS' 3000 Xtra plus Reuter's was professionally essential to understand the requirements of market and to decide matters accordingly. The Investment Committee in its 109th meeting held on 01-07-2006 had already approved the hiring of the service of Reuters at a monthly fee of USD 1,475. The detail of expected cost of service of Reuters in PKR (Rs. Rounded – off) for the year 2006-07 including Rs 3,600/- being installation charges is as under:

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| September 2006 to November 2006 (Free of cost) | |
| December 2006 to June 2007 | |
| (USD 1,475 X 7 months X Rs.60.60) | <u>630,000/-</u> |
| TOTAL: | 630,000/- ----- |

43. The Board was requested to consider and approve the additional budget allocation of Rs.630, 000/- for the year 2006-2007 as a cost of service of Reuter.

44. *After due deliberation Board, allowed the additional budget allocation of Rs.630, 000/- for the year 2006-2007.*

AGENDA ITEM NO: 20**TO CONSIDER AND APPROVE RENEWAL OF INVESTMENT ADVISORY SERVICES AGREEMENT WITH KASB**

45. The Secretary Board informed that KASB Securities Limited has successfully been provided its Investment Consultancies Services to EOBI for last three years. These services facilitated Investment Committee in making appropriate decisions relying on the professional analysis of macro economic scenario, market / interest rate outlook, and regular presentation before the Investment Committee. The Investment Committee decided in its 105th meeting held on 04-04-2006 to continue with KASB as their services were required for continuous monitoring and review of policy frame work performance evaluation, professional interpretation of divergent views besides regular macro economic and market updates till the institution manages to develop

and professionally sustainable fund management environment. The committee decided to renew the KASB Investment Advisory services agreement at monthly fee of PKR 53,200/- with effect from 22-05-2005 till 30-06-2006, Board was requested to allow the renewal of the advisory services.

46. Board considering the need and importance of advisory consultancy approved the renewal of Investment Advisory services agreement with KASB as proposed.

AGENDA ITEM NO: 21

TO REVIEW STATUS REPORT OF PRIMACO (AS ON DEC. 31, 2006).

47. The Chief Operating Officer Mr. Farhat Adil briefed the members and presented a status report in respect of PRIMACO mentioning the details of important projects under taken by the newly formed subsidiary company of EOBI.

48. He briefed Board members about hotel project in Lahore, the office building project in Islamabad at G-10/4 Move Area, the commercial Complex Project Islamabad at 1-8 Markaz and the Commercial Centre Project Karachi (Old EOBI Head Office at Nursery).

49. After detailed discussion on the status report the Board made the following observations:

- ***Management to negotiate with IRSA to exchange Ministries other plots available at G-9 & G-10 with IRSA's plot besides other plots bearing Nos. 32.33 and 34 at Sector G-10/4 Islamabad.***
- ***Preference be given to earn more profit in finalizing Building plan for Head Office Building at Nursery.***
- ***Management to evaluate other feasibilities reports i.e. feasibilities of the State Life Building, etc.***

50. The Chief Operating Officer Mr. Farahat Adil also briefed about the Agencies Agreement duly vetted by the legal consultant of EOBI in respect of PRIMACO and EOBI working relationship, in future.

51. *After due discussions President BOT directed that Agencies Agreement is an important document therefore; Board members must go through its contents carefully and come up with practical suggestions and modification, if any. Accordingly copies of the Agency Agreement were circulated to all Board members with direction to send their views in one week time to the Secretary BOT for compilation and report.*

AGENDA ITEM NO.22.

TO CONSIDER AND APPROVE GRANT OF BUDGET FOR THE FINAL BILL OF CIVIL WORKS OF PESHAWAR PROJECT

52. Item was deferred

Briefing by DG (F&A)

53. President BOT invited Financial Advisor /DG (F&A) Mr. Akhtar Jamil Khan to apprise the participant about the progress made in respect of Data Cleansing Process.

54. The DG (F&A) presented a comprehensive presentation on Data Cleansing and apprised participant that a multi cycled exercise was under taken by him with his team and all possible efforts were made to clean the available data. He further informed that more than 80% records has been cleansed and reported that:

a) Total number of employers cleansed data up to date was 58,610 employers out which, total active employers were 29, 684. Elaborating the break up of the total cleansed Employers record he informed that:

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| ○ Closed units: | 25,097 |
| ○ Employers who paid after 30-06-2006: | 975 |
| ○ Employers whom show cause notice issued for non payment: | 3, 840 |
| ○ Employer under litigation: | 288 |
| ○ Recently registered employers not made any payment: | 962 |
| ○ De-registered employers: | 1996 |
| ○ Employers who paid at least one month contribution: | 23, 619 |
| ○ No category: | 1833 |

b) Providing up to date data for pension, he informed that up to August 2006 total pension awarded to 260,349 pensioners, whereas UBL up to June 2006 disbursed pension to 199,328 pensioners. Elaborating the break up of disbursed pension he provided following details:

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|---|----------|
| ○ Claim number and NIC verified: | 120,870 |
| ○ Claim number verified only: | 51,414 |
| ○ Total Records matched on claim Numbers: | 172,284 |
| ○ NIC/CNIC verified only: | 7, 839 |
| ○ Could not be verified on any key: | 19,205 |
| ○ Total Records: | 199, 328 |

55. President BOT made the following observations:

- *Those 19,205 pensioners whose records have not been verified by any key be issued warning letters for submitting necessary documents to get their status verified up to 31st January 2007. In case verifications are not made their pension be suspended after the due date.*
- *Management awarded pension to total 260,349 pensioners whereas UBL record only confirms disbursement to 199,328 pensioners, which means that about 60,000 pensioners, records have not been verified. President BOT directed the Management to also issue warning letters to all such pensioners to submit their documents up to 28th February 2007. In case verifications are not made, their pensions be also suspended after the due date.*

AGENDA ITEM NO 23

TO CONSIDER AND APPROVE ADDITIONAL BUDGET FOR 2ND TIME HOUSE BUILDING LOAN TO OCTOBER 2005 EARTHQUAKE AFFECTEES

56. Secretary Board informed that consequent upon the October 2005 earthquake, the Institution received applications for grant of House Building Loans from 59 officials of the Institution, who reported damages to their properties. Out of total 59 applications are of 52 regular employees were considered for House Building Loan. Keeping in view the urgency and national disaster the Chairman EOBI allowed Second Time House Building Loan to these employees on humanitarian grounds. The total amount required to disburse the Second Time House Building Loan was Rs.20 million.

57. The Board was apprised that BOT in its 59th BOT meeting held on 21-05-2002 had already decided that disbursement of loans to employees of the Institution in a financial year shall not exceed the amount equivalent to the total recoveries made on account of loans during the preceding financial year. The total budget of disbursement

of loans to the employees for the financial year 2006-07 amounts to Rs. 53.75 millions (Rupees Fifty Three Million, Seventy Five Thousand only), which was meant for normal loan disbursement, therefore, an additional amount was required to meet the expenditure for second time loan.

58. The Board was requested to allow the Ex–post facto approval for second time House Building Loan to EOBI with an additional budget of Rs. 11.3 million for the financial year 2006-07 for disbursement of loan to EOBI employees.

59. The Board very graciously allowed Ex-post Facto approval for disbursement of Second Time House Building Loan in relaxation of prescribed regulations on humanitarian grounds and keeping in view the national calamity. The Board also allowed the allocation of additional amount of Rs. 11.3 million for the financial year 2006-07.

AGENDA ITEM NO 24

TO CONSIDER & APPROVE THE SALE OF BUNGALOW NO. 14-J, PECHS, KARACHI

60. Pursuant to the Re-structuring policy of the Institution, all the Zonal Offices in the country were abolished, due to which some of the office buildings became vacant. The South Zonal Office of Karachi also became vacant. The Investment Committee in its 113th meeting decided to consider available offers for disposing off the vacant building.

61. The offer made by one of the departments, the Bureau of Immigration and Overseas Employment of the Labour Ministry for purchase of the Bungalow No. 14-J PECHS Karachi was considered suitable, however in order to maintain transparency and fairness, the Ministry constituted a committee to evaluate the market value of the Bungalow and recommend an appropriate sales price. The committee in its minutes recommended an amount of Rs. 45.500 million for the said bungalow.

62. The Board considering the price as appropriate approved the sale of the Bungalow situated at 14-J PECHS Karachi to Bureau of Immigration and overseas Employment at a value of Rs. 45.500 million.

AGENDA ITEM NO 25**TO CONSIDER AND APPROVE STREAMLINING LEGAL SUPPORT SYSTEM IN EOBI**

63. The Board was briefed that Law Department was responsible to defend cases in different courts in respect of field operations as well as to provide legal support in respect of litigation against the Institution from EOBI employees, Real Estate, etc. The legal support system of EOBI consists of Legal Advisors and a panel of Advocates in all important cities.

64. The Secretary Board apprising the members informed that the rate of success of cases assigned to most of the advocates was not satisfactory. Hence the management decided to exclude those advocates from the panel of advocate and decided to include a few well reputed and experienced advocates to improve the legal support system. He also informed that legal advisors at each province level were not rendering due services and their different opinion on similar legal points were also creating confusion on legal stands. The management decided that instead of having five legal advisors at each province only two good legal advisors be appointed at Head Quarter so that institution create a uniform understanding on legal issues. This will not only save money but will also improve the legal support system. He proposed the following companies may be allowed to continue as legal advisors with monthly retainer-ship fee up to Rs. 10,000/= per month..

| <u>Name of Advocate</u> | <u>Expert in</u> |
|--|--|
| 1. Mr. Nooruddin Sarki | Company Law, Corporate, Banking, Labour, Tax, Revenue. |
| 2. Mr. Shahid Anwar Bajawa & Company. | Labour, Industrial, Relation &, Services matters, Civil, Criminal etc |

65. Elaborating the practical problems faced by the management in engaging good lawyers due to procedural requirements and in adequate fee package, he requested the Board that Chairman EOBI may be allowed to relax the condition in respect of payment procedures and may also be allowed to increase legal fee package in important cases where reputable advocates are to be engaged.

66. The Board agreeing with the proposals, directed management to put up revised list of advocates to the Ministry for seeking approval of Ministry of Law &

Justice. The Board also allowed the appointment of M/s Nooruddin Sirki & Company and M/s Shahid Anwar Bajawa & Company as legal advisor on a monthly retainer-ship up to Rs. 10,000/=.

67. The Board also allowed the Chairman EOBI to enhance legal fee up to Rs.100, 000/- on need basis however cases for higher fees to be submitted to the Ministry for the approval of Law and Justice Division. The Management was also advised to send all such case wherein Ex-post facto approval was required for regularization.

AGENDA ITEM NO 26

TO CONSIDER AND APPROVE APPOINTMENT OF ACTUARY

68. Board was apprised that Institution was legally required to have an actuarial valuation in the prescribed manner of its assets and liabilities after every three years as provided and required under section 21 of the EOB Act 1976.

69. The last (i.e. the Fifth) Statutory Actuarial Valuation of the EOBI scheme was carried out as at 30th June, 2002 by M/s Akhtar & Hassan (Private) Ltd. Hence, the next i.e. the Sixth Statutory Actuarial Valuation became due as at 30th June, 2005. For this purpose, tenders were invited from the three top Actuarial firms in Pakistan on the advice of the Actuary of Pakistan. The following amounts were quoted by them:

| S.No. | Name of Firm | Amount quoted |
|--------------|--------------------------------------|----------------------|
| 1. | M/s Akhtar & Hasan (Private) Limited | Rs.765,000/- |
| 2. | M/s Nauman Associates | Rs.710,000/- |
| 3. | M/s Sidat, Hyder, Morshed Associates | Rs.610,000/- |

70. Besides a questionnaire was also issued to these firms for obtaining information for Technical Evaluation. On the basis of analysis of the responses and financial bids, the following rankings was assigned to the Actuarial firms:

| S.No. | Name of Firm | Technical Evaluation | Financial Evaluation | Total |
|--------------|--------------------------------------|-----------------------------|-----------------------------|--------------|
| 1. | M/s Akhtar & Hasan (Private) Limited | 70 | 24 | 94 |
| 2. | M/s Sidat, Hyder, Morshed Associates | 50 | 30 | 80 |
| 3. | M/s Nauman Associates | 32 | 26 | 58 |

71. In view of above Board was requested to consider the appointment of an Actuarial Firm.

72. After due deliberation Board appointed M/s Akhtar & Hassan Private Limited on Rs. 765, 000/= as Actuarial firm for carrying out the sixth statutory valuation of assets and liabilities of EOBI, and approved the required budget.

AGENDA ITEM NO. 27

TO CONSIDER SWITCHOVER TO NATIONAL BANK OF PAKISTAN (NBP) FOR BANKING SERVICES AND APPROVE THE ADDITIONAL BUDGET

73. Secretary Board apprised the members about the banking service with National Bank of Pakistan. Briefing the members about the causes of switch over from HBL to UBL and from UBL to NBP, he informed that after receiving a notice from UBL on 11-03-2006, management invited bids for banking service and after observing all necessary formalities selected Nation Bank of Pakistan. The rates were negotiated and NBP agreed to charge Rs. 14.00 per transaction. They have also asked for Rs. 2.30 per transaction for Data Processing & Reconciliation, which will make the charges as Rs. 16.30 per transaction. The charges per shall cover for data entry, data processing reconciliation and provision of information on the prescribed format. Accordingly, management entered into an agreement with National Bank of Pakistan.

74. The switch over to National Bank of Pakistan was affected from 1st October 2006 for disbursement and collection of contribution. The Board was requested to consider the switch over including the rates quoted by NBP, and approve the additional budget of 4.0 million relating to data entry, data processing, reconciliation and provision of information on the prescribed format.

75. After due deliberations Board allowed the rates quoted by NBP and approved the additional budget of Rs. 1.0 million for the purpose of data entry, data processing, reconciliation and provision of information on the prescribed format to EOBI.

AGENDA ITEM NO. 28**TO CONSIDER AND APPROVE WAIVER OF ARREARS OF CONTRIBUTION OF AL-SHIFA TRUST EYE HOSPITAL.**

76. Al-Shifa Trust Eye Hospital Rawalpindi, a charitable organization requested Ministry of Labour & Manpower for exemption from EOBI contribution and statutory increase. The request was not accepted, and the decision was conveyed accordingly.

77. The Trust again approached the honorable Federal Minister for Labour Manpower & Overseas Pakistanis for waiving off the outstanding arrears; the honorable Minister desired that this matter be included in the next meeting of the Board of Trustees.

78. Secretary Board explaining the case informed that EOB Act being a beneficial welfare law covers all industrial, commercial & other organizations including charitable organizations working on non-profit basis. *Organizations like Edhi Trust, Anjuman-e-Himayatul Islam etc had also applied for similar exemption. The institution after obtaining the opinion of Islamic Ideological Council rejected on the grounds that rights of employees under the EOB Act could not be compromised for any manner any reason.*

79. He further emphasized that the EOB Act, 1976 and Rules framed there under do not empower any authority to waive off or reduce the contribution or the statutory increase levied thereupon and mentioned that the cases of M/s. K.E.S.C. Karachi & P.R.T.C. Lahore referred to the Board in earlier meetings were also denied accordingly.

80. *After detail discussion the Board was of the opinion that as neither the Board nor the institution was empowered to waive off statutory increase, therefore request could not be acceded to.*

AGENDA ITEM NO. 29**TO CONSIDER AND APPROVE THE APPOINTMENT OF PROJECT DIRECTOR AND TWO POSTS OF IT AND ADDITIONAL BUDGET**

81. The Project Director Mr. Haider Raza presented a multi media presentation and apprised the Board about the developments, progress in respect of I.T solution, core I.T infrastructure project and the PC-I.

82. The President BOT while appreciating the presentation asked about the guarantees in the soft ware to sustain the viability and on going reforms. The Project Director explained the I.T program and highlighted the in built security checks and balances to ensure the viability of the I.T solution.

83. The Board directed the management to submit Agenda items 29 and 30 along with PC-I to the Ministry of Labour for further review of the project. The Board also advised to include all budgetary requirements including salary package of I.T personnel in the PC-I document.

84. The Project Director was further advised to commence test of I.T project with full operational capacity in Karachi, Hyderabad, Lahore and Peshawar to evaluate the reliability of the system so that if any amendments or modification were to be made could be made accordingly before initiating the full scale programme

AGENDA ITEM NO. 30**TO CONSIDER AND APPROVE BUDGET ALLOCATION OF RS. 53.837 MILLION FOR CORE IT INFRASTRUCTURE PROJECT AS PER PC-1**

85. Management was advised to put up the case to the Ministry for review in the light of decision with reference to Agenda Item 29.

AGENDA ITEM NO 31**TO CONSIDER AND APPROVE BUDGET ALLOCATION OF RS. 5.904 MILLION FOR NADRA SERVICES**

86. Secretary Board apprised the members about the salient futures of the services provided by the NADRA. The significant objectives of the services were to populate NIC in the Pension and Insure Persons data and to update with CNIC/Next-of-Kins

cards and to eliminate duplicate and/or erroneous records from Pensioners and Insured Person databases. This service also includes:

- a. Provision of CNIC number against Old NIC numbers of Pensioners and Insured Persons.
- b. One VERISYS connection for verification of Pension Claims.

87. The Board was further informed that the I.T. Department provided approx: 250,000 pensioners' records and One million Insured Persons' records to NADRA for provision of CNIC out of which 131,804 pensioners' records were populated/verified. NADRA charged @ Rs.5/- for each populated/verified pension record, which comes to Rs.659, 020. One million IPs records already been provided to NADRA which would cost an additional amount of Rs.5 million.

88. For these services NADRA charged Rs.5, 000/- as installation fee (one time) and Rs.20/- for verification of each record. In case of less than 1000 verifications, a fixed amount of Rs.5, 000/- would be charged on monthly basis. This information, however, was limited to view only and could not be made part of EOBI databases.

One Time Charges Table.

| Particulars | No. of records | Total in Rs. |
|---------------------------------------|----------------|--------------|
| Pensioners' verified records @ Rs.5/- | 131,804 | 659,020/- |
| IP records to be verified @ Rs.5/- | 1,000,000 | 5,000,000/- |
| VERISYS (one time) installation fee | Nil | 5,000/- |
| Total one time Cost. | Nil | 5,664,020/- |

Monthly Charges Table.

| Particulars. | Rate | Expected No. of records. | Charges in Rs. | Annual Cost in Rs. |
|-----------------------------|---------|--------------------------|----------------|--------------------|
| Verification of each record | Rs.20/- | 1,000 | 20,000/- | 240,000/- |

89. *The Board was allowed additional budget of Rs.5.904/- million to defray the expenses to be incurred during the current financial year 2006-2007.*

AGENDA ITEM NO 32**CONSIDERATION AND APPROVAL OF AUDITED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2005-06**

90. The management informed that M/s. Yousuf Adil Saleem & Co., Chartered Accountants, Auditors for 2005-06 had completed the audit report of Institution's accounts for the financial year 2005-06, and submitted their report along with the financial statements.

91. That Audit report has made no qualifications this year.

92. The summarized financial position along with comparison with preceding financial year was placed before the Board. Important details are as below:

(Rupees in "000")

| | | ACTUAL (AUDITED) | | VARIANCES | |
|--|--|-------------------|--------------------|-----------------------|--------------|
| | | 2004-05 | 2005-06 | Increase / (Decrease) | |
| | | | | Amount | % age |
| | TOTAL ASSETS | 96,384,970 | 110,429,744 | 14,044,774 | 14.57 |
| | TOTAL LIABILITIES | 398,569 | 480,595 | 82,026 | 20.58 |
| | TOTAL NET ASSETS AVAILABLE FOR FUTURE BENEFITS TO INSURED PERSONS | 95,986,401 | 109,949,149 | 13,962,748 | 14.55 |

(Rupees in "000")

| | | ACTUAL (AUDITED) | | VARIANCES | |
|--|--------------------------|-------------------|-------------------|-----------------------|--------------|
| | | 2004-05 | 2005-06 | Increase / (Decrease) | |
| | | | | Amount | % age |
| | TOTAL INCOME | 16,936,042 | 17,452,928 | 516,886 | 3.05 |
| | TOTAL EXPENDITURE | 2,576,237 | 3,504,896 | 928,659 | 36.05 |

93. *The Board approved the Audited Accounts for the year 2005-06.*

AGENDA ITEM NO: 33**TO CONSIDER AND APPROVE REVISION OF PR-02A FORM FOR RECORD BUILDING OF INSURED PERSON**

94. The DG (F&A) informed that the system of record building of Insured Persons (IPs) through PR-02A & B was introduced in August 2002 and Rule 3(8) of the

Employees' Old Age Benefits (Contribution) Rules, 1976 was accordingly amended which reads as;

“The employer shall file with the Institution information at the time of registration and thereafter in the month of July every year as set out in the form PR-02 for self assessment scheme and in the form PR-02A for normal scheme along with copy of paid challans as set out in form PR-03. The particulars so submitted shall be treated unchanged until any change is intimated as set out in form PR-02B”.

95. Mentioning the on going efforts of the institution, he apprised that employers were too reluctant to provide details and particular of their employees for up dating EOBI pensioner's record. Most of the employers do not submit regularly the required data therefore after threadbare discussion with all stakeholders and employers associations on PR-02 system it was proposed to revise the PR-02A. Revision in the proposed PR-02A has been made in a manner to capture data of IPs on whose behalf contribution has been paid in the preceding financial year till 30th June on yearly basis. Its retrieval shall commence in every July and shall be completed in the next three months i.e. by the end of September. However, in case of default its retrieval shall continue through out the year.

96. He asserted that the revised form is more manageable, less bothersome, and shall augment the Institution's efforts to build a comprehensive record of all insured persons.

97. *After due deliberation Board decided that:*

A. Proforma will be circulated to Central Advisory Committee and different Chambers for their views.

B. If not agreed by them only then the issue will be put up to Ministry, otherwise the proforma would stand as approved.

ANY OTHER ITEM

AGENDA ITEM NO: 34

TO CONSIDER AND APPROVE BLOCK BUDGET ALLOCATION FOR THE APPROVED CONTRACT EMPLOYEES ON ENHANCED PACKAGES IN INVESTMENT DIVISION

98. The Investment Advisor informed that Board in its 73rd meeting held on 25th June 2005 approved the block budget allocation of Rs. 39,238 million for EOBI investment including revenue expenditure of Rs. 25.10 million and capital expenditure of Rs 14.138 million. The strength approved earlier was 8 (eight) Managers, 12 (twelve) Deputy Managers and 6 (six) non-managerial staff. The institution now intends to appoint 6 managers and 6 deputy managers on the packages approved by the Ministry of Finance. The recruitment being on contract of three years for specialized field would be carried out on merit only. The precedent of recruitment on contract basis carried out by the I.T Ministry was quoted where for specialized posts the criteria of only merit was considered. He further informed that salary packages was based on contract employment of required manpower as approved by ministry of Finance. which is as under:

- 1) Manager 60,000-000-95,000 (Median 77,500)
- 2) Deputy Manager 45,000-4,000-69,000 (Median 57, 000)

The Board was requested to approve the budget and the proposed / recruitment.

99 After due deliberations Board allowed the recruitment along with the proposed budget and directed to make payments from the available budget and advised that the excess be put up in the revised budget.

Meeting ended with a vote of thanks to the chair.