

**Minutes of the 103rd Meeting of the EOBI Board of Trustees
held on 23.8.2012 in the Committee Room of Ministry of Human Resource Development,
Block 'B', Pakistan Secretariat, Islamabad**

The 103rd meeting of the Board of Trustees of EOBI was held on 23rd August, 2012 at 10:00 a.m. in the Committee Room of Ministry of Human Resource Development, Block 'B', Pakistan Secretariat, Islamabad to consider the following agenda:

S.No	Agenda Items
i.	Confirmation of the Minutes of 102 nd BOT Meeting.
ii.	To Consider Compliance/Implementation of the decisions taken by the of 102 nd BOT Meeting;
iii.	To Consider Incentive for Surpassing Contribution Target Fixed by BOT i.e. one additional pay for each month since 1st July, 2011;
iv.	Appointment of Auditors for the year 2011-12;
v.	8th Statutory Actuarial Evaluation of EOB Fund;
vi.	Restoration of Matching Grant by Ministry of Finance; and
vii.	Recommendations of HR Committee: <ul style="list-style-type: none"> a) Presentation on Strengthening of Law Department b) Rationalization of Workload on Beat Officer

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

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| i) | Mr. Muhammad Ahsan Raja,
Federal Secretary,
M/o. Human Resource Development. | President |
| ii) | Mr. Zafar Iqbal Gondal,
Chairman, EOBI. | Member |
| iii) | Rao Liaquat Munir,
Financial Adviser,
M/o Human Resource Development. | Member |
| iv) | Mr. Abid Mahmood,
Joint Secretary,
M/o. Human Resource Development. | Member |

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v)	Mr. Hassan Iqbal, Secretary Labour, Punjab	Member
vi)	Mr. Arif Elahi, Secretary Labour, Sindh.	Member
vii)	Capt. (Retd) Aizaz-ur-Rchman, Secretary Labour, K.P.K.	Member
viii)	Mr. Abdul Qayyum Kakar, Secretary Labour, Baluchistan	Member
ix)	Mr. M. Iqbal Dawood Pakwala, Employers' Representative, Sindh.	Member
x)	Syed Iqbal Shah, Employers' Representative, Baluchistan.	Member
xi)	Chaudhry Mohammad Tufail, Employers' Representative, Punjab.	Member
xii)	Mr. Habib-ud-Din Junaidi, Employees' Representative, Sindh.	Member
xiii)	Malik Imtiaz Mehfooz, Employees' Representative, Balochistan.	Member
xiv)	Mr. Gul Rehman, Employees' Representative, KPK.	Member
xv)	Syed Nazar Hussain Shah, Employees' Representative, Punjab.	Member
xvi)	Ms. Sumera Rizwani	Secretary, BOT

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Present:

- i) Mr. Najmul Saqib Siddiqi, FADG (F&A)
- ii) Mr. Parviz Ahmad, Director General (HR&GA)
- iii) Mr. Mukhtar Simon, Assistant Chief, Ministry of Human Resource Development.

4. The meeting started with the recitation of the Holy Quran. Thereafter, the President, BOT welcomed all members of BOT and other officers present in the meeting.

5. Secretary, BOT commenced the proceedings with the permission of Honorable President, BOT.

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Agenda Item No. 1:**Confirmation of the minutes of 102nd BOT meeting**

6 The Secretary BOT informed the Board that she had not received any observation from any member of the Board. The President, BOT invited observations from the members. Since, there was no observation from any member; therefore, the minutes of the 102nd meeting were confirmed.

Agenda Item No. 2:**To consider compliance/implementation on the decisions taken by the of 102nd BOT meeting**

7. The Board reviewed the progress of the implementation on the decisions of the Board taken in its 102nd BOT meeting. The Board expressed its satisfaction on implementation of its decisions by the Institution.

Agenda Item No. 3**To consider incentive for surpassing contribution target fixed by BOT i.e. one additional pay for each month since 1st July, 2012**

8 The Chairman, EOBI informed the Board that the Institution had collected Rs11 billion as contribution during the year 2011-2012 against the target of Rs10 billion. He stated that since the Institution had exceeded the contribution target by Rs1 billion, therefore, the employees of the Institution may be paid one additional pay each month w.e.f. 01.7.2012 as a reward for exceeding the target of Rs10 billion. The Chairmar, EOBI also explained the background of granting one additional basic pay to all employees by stating that the Ex-Federal Minister for Labour and Manpower, Syed Khurshed Ahmad Shah promised that if the employees of the Institution achieved the target of collection of contribution of Rs10 billion, they will be paid one additional basic pay with their monthly salaries every month. The Chairman informed that the present Federal Minister for Human Resource Development had also allowed one additional pay each month w.e.f. 1st July, 2012 as a reward for exceeding target of Rs10 billion by collecting Rs 11 billion during the year 2011-2012.

9. The Chairman stated that financial implications of the proposal as well as comparison of the contribution collection with previous year figures had been given in the working paper. The Chairman said that the Institution had increased the collection of contribution from Rs 5 billion to Rs 11 billion when there was slump in economy, power & gas shortage and poor law and order situation. Therefore, the collection of Rs 11 billion was a great achievement

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and the rationale for grant of one additional pay every month w.e.f. 1st July, 2012 was based on the performance of employees of the Institution. He informed the Board that there was the directive of the Federal Government given under section-6(2) of the FOB Act, 1976 which the Institution had to implement. The Chairman, EOBI also informed the Board that EOBI did not increase the salaries of its employees by giving 20% ad-hoc increase announced by the Federal Government w.e.f. 01.7.2012. The Board observed that nobody had stopped the Institution to propose increase in salary of its employees by 20% as allowed by the Federal Government to its civil servants.

10. *After detailed discussion, the Board agreed to grant one basic pay as honorarium to those employees who were involved in surpassing contribution target. However, financial impact for the same was to be worked out and placed before the Audit Committee of the Board for consideration.*

Agenda Item No. 4 Appointment of Auditors for the year 2011-12

11. The Chairman, EOBI informed the Board that in accordance with Section 19 of the FOB Act, 1976, the annual accounts of the Institution had to be audited by the auditors approved by the Federal Government. The Financial Year 2011-2012 had ended on 30th June, 2012; therefore, in accordance with Rule- 5(4) of the FOB (Audit & Accounts) Rules, 1977, the audited accounts of the Institution had to be submitted to the Board for approval within six months of the end of financial year.

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He further informed the Board that M/s. Avasi Hyder Liaquat Noman & CO, Chartered Accountants had been auditing the accounts of the Institution for the last five years. The auditors once appointed are retained for five years, as such after completion of five years tenure, the present auditors need to be changed. In this regard, the Institution invited offers from the audit firms classified in category "A" by the State Bank of Pakistan. Out of 13 audit firms, 9 firms submitted their bids to audit the accounts of the Institution. A Committee headed by Mr. Najamul Saqib Siddiqi, Financial Advisor/Director General (F&A) had recommended M/s. Naveed Zafar Ashfaq Jaffery & Co, Chartered Accountants to audit the accounts of the Institution for the year 2011-2012 at a total fee of Rs950,000 (Rupees nine hundred fifty thousand only).

13. The Secretary Labour, Punjab Mr. Hassan Iqbal inquired whether the Institution had to select auditing firm from the list of auditors approved by the State Bank of Pakistan. The FA/Director General (F&A) Mr. Najamul Saqib Siddiqi informed that the Institution had to select auditors from Category - "A" approved list of State Bank of Pakistan. The Financial Advisor, Ministry of Human Resource Development Mr. Rao Liaquat Muncer inquired whether the

procedure had been followed in this regard. The FA/Director General (F&A), FOBI informed that the procedure prescribed under the rules had been followed.

14. *After discussion, the Board approved M/s. Naveed Zafar Ashfaq Jaffery & Co, Chartered Accountants to audit the accounts for the year 2011-12, at a total fee of Rs950,000 (Rupees nine hundred fifty thousand only) detailed below, as per rules on the subject:*

Annual audit of books of accounts for the year 2011-12

i) EOB	-	Rs660,000
ii) PRIMACO	-	Rs110,000
iii) EOB Employees' Pension Fund Trust	-	Rs30,000
iv) EOB Employees, Contributory Provident Fund Trust	-	Rs25,000
v) Sahara Insurance Company Ltd	-	<u>Rs100,000</u>
	Total	<u>Rs950,000</u>

Agenda Item No. 5

8th Statutory Actuarial Evaluation of EOB Fund

15. The Chairman, FOBI informed the Board that in accordance with Section 21 of the EOB Act, 1976, the actuarial evaluation of EOB Fund after every three years was mandatory. He further stated that the Institution invited the bids from the actuarial firms. Three firms had submitted their financial bids and technical information about their firms. The same had been evaluated by a Committee constituted for the purpose. The Committee, after evaluation of the bids had recommended M/s. Sidat Hyder Morshad & Associates, securing highest point (83.8), for approval as actuary to evaluate the Fund of EOB at fee of Rs650,000/-, as per rules on the subject.

16. *The Board approved M/s. Sidat Hyder Morshad & Associates as actuary to evaluate the EOB Fund at fee of Rs650,000/- (Rupees six hundred fifty thousand only), as per rules on the subject.*

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Restoration of Matching Grant by Ministry of Finance.

17. The Federal Government under Section 9 of Employees' Old-Age Benefits Act, 1976 had paid matching contribution to EOB from July, 1986 to September, 1994. The Ministry of Finance through Finance Act, 1995, unilaterally amended Section 9 of EOB Act and inserted Section 9-A whereby the Federal Government may make such contribution to the Institution as it may determine from time to time.

18. In accordance with direction of the President, BOT in 101st Board meeting held on 25th January, 2012, Ministry of HRD took up the matter with Ministry of Finance regarding restoration of contribution to EOBI equal to contribution collected by the Institution. That Ministry, inter-alia, had pointed out that in the minutes of 101st meeting of Board of Trustees of EOBI does not state a clear decision in this regard.

19. *The Board was apprised in this regard and the Board unanimously approved that the Ministry of Human Resource Development should take up the matter with the Ministry of Finance for restoration of matching grant to EOBI equal to contribution collected from employers and workers.*

Agenda Item No. 7

To Consider Recommendations of HR Committee;

- a) Presentation on Strengthening of Law Department by creating one (1) post of Director (Law), two (2) posts of Deputy Director (Law) and 35 posts of Assistant Directors (Law);

20. The Chairman, EOBI informed the Board that in accordance with the decision of the Board in its 101st meeting held on 25.1.2012, the HR Committee in its meeting held on 1st and 6th February, 2012 had recommended that 14 Assistant Directors (Law) be immediately inducted to strengthen the Law Department. The financial impact of these posts would be Rs8.54 million per annum whereas the financial impact for 38 posts (i.e. one post of Director (Law); two posts of Deputy Director (Law) and 35 posts of Assistant Director (Law) will be Rs24.268 million per annum.

21. The Chairman informed the Board that there were cases in Lahore High Court and Sindh High Court filed by the employers. All the Banks and Security Agencies had challenged the demand notices for contribution in the Sindh and Lahore High Courts. He also stated that in accordance with law, if any organization increases its employees by 10% after one year, the field staff of EOBI does not check the books of accounts of that organization. But the organizations which have challenged the show cause and demand notices of EOBI regarding payment of contribution have not increased the number of employees, as required under the EOBI Act, 1976. The Chairman, EOBI stated that the Institution need the Law Officers (Assistant Director) in each Regional Office so that the correspondence with the employers should contain all the relevant provisions of EOBI Act, rules and regulations so that employers may not easily challenge the letter of the EOBI.

22. *After detailed discussion, the Board advised to rationalize posts and bring up the case for due consideration and no further action would be taken till decision of case in the Supreme Court of Pakistan.*

Rationalization of Workload on Beat Officer:

23. The Chairman, EOBI informed the Board that each Beat Officer was looking after 250 establishments which was impossible for a beat officer to provide efficient services to the stakeholders, carry out effective survey and mapping of his area of jurisdiction for new registration of employer and insured persons which was adversely affecting their performance. The Institution, for the purpose of rationalization of the workload on Beat Officers had proposed that 100 active establishments be allocated to each beat officer with IT support. For this purpose, the Institution had proposed creation of 348 new posts of Assistant Directors, which will have financial impact of Rs212.36 million per annum of their pay and allowances.
24. *After detailed discussion, the Board advised to rationalize posts and bring up the case for due consideration and no further action would be taken till decision of case in the Supreme Court of Pakistan.*
25. *There being no other item on the agenda, 103rd BOT Meeting ended with a vote of thanks to and from the Chair.*

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