

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of **Punjab Health Initiative Management Company** for the year ended 30 June 2021.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended 30 June 2021.



Chartered Accountants
Engagement Partner: Abdullah Fahad Masood
Lahore: 09 March, 2022

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of company: Punjab Health Initiative Management Company (PHIMC)
Name of the line ministry: Specialized Healthcare and Medical Education Department
For the year ended: 30th June ,2021

I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called “the Rules”) issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The company has complied with the provisions of the Rules in the following manner:

Sr. No.	Provision of the Rules			Rule No.	Y	N
1	The Independent Directors meet the criteria of independence, as defined under the Rules.			2(d)	√	
2	The Board has at least one-third of its total members as independent directors. At present the Board includes:			3(2)		√
	Category	Names	Date of appointment			
	Independent Directors	Mr. Khawaja Farooq Saeed. (Three positions of independent directors are vacant due to resignation and retirement and process to fill these positions has already been initiated).	2-Feb-19			
	Executive Directors	Mr. Aamir Hussain Ghazi	7-Apr-21			
	Non-Executive Directors	1) Mr. Muhammad Abdullah Khan Sumbal (Chairman, Planning & Development) (Ex-Officio Director)	20-Jan-21			
		2) Mr. Nabeel Ahmad Awan (Secretary, Specialized Healthcare & Medical Education Department, Government of the Punjab) (Ex-Officio Director)	19-Nov-19			
		3) Dr. Muhammad Saqib Aziz (Chief Executive Officer/Chief Operating Officer, Punjab Health Care	04-Jan-21			

Sr. No.	Provision of the Rules			Rule No.	Y	N
		Commission) (Ex-Officio Director)				
		4) FLT.LT.(RETD.) Iftikhar Ali Sahoo (Secretary Finance, Government the Punjab, Finance Department (Ex-Officio Director)	02-Feb-21			
		5) Prof. Dr. Mahmood Ayyaz (Principal SIMS) (Nominated by the Government). One position of director to be nominated by the Government is vacant due to resignation of director). Process to fill the vacant position has been initiated.	2-Feb-19			
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.			3(5)		√
4	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.			3(7)	√	
5	The chairman of the Board is working separately from the chief executive of the Company.			4(1)	√	
6	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government.			4(4)	√	
7	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.			5(2)		√
8	a) The company has prepared a “Code of Conduct” to ensure that professional standards and corporate values are in place.			5(4)	√	
	b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company’s website. (https://phimc.punjab.gov.pk/)					
	c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.					
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity, and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.			5(5)	√	

Sr. No.	Provision of the Rules	Rule No.	Y	N
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	√	
11	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b)(vi)	√	
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	√	
13	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	√	
14	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	√	
15	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	√	
16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	√	
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	√	
18	a) The Board has met at least four times during the year.	6(1)	√	
	b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)		
	c) The minutes of the meetings were appropriately recorded and circulated.	6(3)		
19	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	√	
20	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	√	
21	a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	10		√
	b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.		N/A	
	c) The Board has placed the annual financial statements on the company's website.		√	

Sr. No.	Provision of the Rules	Rule No.	Y	N
22	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	√	
23	(a) The Board has formed the requisite committees, as specified in the Rules.	12	√	
	(b) The committees were provided with written term of reference defining their duties, authority, and composition.		√	
	(c) The minutes of the meetings of the committees were circulated to all the Board members.		√	
	(d) The committees were chaired by the following non-executive directors:			
	Committee	Name of Chair	Number of members	
	Audit Committee	Mr. Tanveer Alam	4	√
	Budget and Finance Committee	Secretary, Specialized Healthcare & Medical Education Department, Government of the Punjab (Ex-Officio Director)	4	√
	Committee	Name of Chair	Number of members	
	Human Resources Committee	Mr. Khawaja Farooq Saeed	4	√
24	Procurement Committee	Secretary, Specialized Healthcare & Medical Education Department, Government of the Punjab (Ex-Officio Director)	3	√
	Nomination Committee	Mr. Khawaja Farooq Saeed	3	√
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13		√
25	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	√	
26	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	√	
27	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	√	

Sr. No.	Provision of the Rules	Rule No.	Y	N	
28	The directors, CEO and executives, or their relatives, are not, directly, or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	√		
29	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.	19	√		
30	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	√		
31	The Board has formed an audit committee, with defined and written terms of reference, and having the following members:		21 (1) and 21(2)	√	
	Name of Member	Category			Professional Background
	Mr. Tanveer Alam (retired on 7-Feb-21)	Independent Director			Actuary
	Mr. Muhammad Abdullah Khan Sumbal (Chairman, Planning & Development) (Ex-Officio Director)	Non-Executive Director			Civil Servant
	FLT.LT.(RETD.) Iftikhar Ali Sahoo (Secretary, Finance Department, Government of Punjab) (Ex-Officio Director)	Non-Executive Director			Civil Servant
	Miss Naila. H. Maqbool. Resigned	Independent Director	Operations and business		

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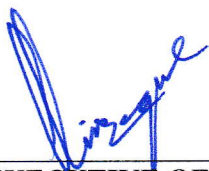
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Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year:

Sr. No.	Rule / Sub-Rule No.	Reasons for non-compliance	Future course of action
1.	3(2)	Three positions of independent directors are vacant due to resignation and retirement.	Process to fill these positions has already been initiated
2.	3(5)	Compliance is confirmed other than Government nominated Directors as they are nominated under ex-officio capacity (Secretaries & Officer Bearers of Government Department)	This fact has already been brought into the notice of the Government and matter is pending till further directions.
3.	5(2)	The hiring process of Chief Executive officer was initiated during the year 2020-21 and in process as at 30-June-2021.	Complied subsequent to the year-end.
4.	10 (a)	Quarterly Accounts were prepared and circulated, however due to dissolution of Audit committee, meeting could not be convened till 30 th June-2021. Subsequent to the year-end quarterly accounts of all three quarters were presented and approved.	Complied subsequent to the year-end.
5.	13(1)	Internal Audit Department was being headed by Chief Internal Auditor. However, CIA resigned from his position and hiring of new candidate is in process.	Complied subsequent to the year-end.
6.	21(1) (2)	Audit Committee of BoD of PHIMC was intact since inception of the Company. Same was intact till February, 2021. However, due to resignation and retirement of Independent Members same did not exist for rest of the 4 months of audit period.	Complied subsequent to the year-end. Audit Committee of BoD was constituted on temporary basis, for smooth operations, till decision on reappointment of BoD and appointment of new directors on vacant position of BoD.
7.	21 (3)	Internal Audit Department was being headed by CIA. However, during the last year CIA resigned from his position and hiring of new candidate is in process as at 30-June-2021.	Subsequent compliance will be ensured. Hiring process for CIA is complete.

8.	22(1)	Internal Audit Department was being headed by Chief Internal Auditor. However, during the last year CIA resigned from his position and hiring of new candidate is in process as at 30-June-2021.	Complied subsequent to the year-end.
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CHIEF EXECUTIVE OFFICER



CHAIRMAN OF BOD