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Government of Pakistan

Finance Division

Central Monitoring Unit

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15-8-2024

TO: **All Line Ministries & Federal SOES**

Subject: **CMU Guidelines for C Level Appointments(CEO, CFO, CIA, CS) in Federal State owned Enterprises**

Pursuant to sub-section 3 (ii) of Section 4 of the State-Owned Enterprises (Governance and Operations) Act, 2023, and in alignment with Paragraph 26 of the State-Owned Enterprises (Ownership and Management) Policy, 2023, we are issuing the enclosed "State-Owned Enterprises (C-Level Appointments) Guidelines 2024" for your immediate attention and implementation. These Guidelines, which apply to the appointments of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Internal Auditor (CIA), and Company Secretary (CS), are designed to enhance the governance, transparency, and operational efficiency of State-Owned Enterprises (SOEs). Your adherence to these guidelines is crucial for achieving the strategic objectives set forth under the Act and the Policy.

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STATE-OWNED ENTERPRISES (C-LEVEL APPOINTMENTS) GUIDELINES 2024

The following Guidelines are being issued, in pursuance of sub-section 3 (ii) of Section 4 of the State-Owned Enterprises (Governance and Operations) Act, 2023 (the Act) read with Paragraph 26 of the State-Owned Enterprises (Ownership and Management) Policy, 2023 (the Policy):

1. Short title, application and commencement

i. These guidelines shall be called the State-Owned Enterprises (C-Level Appointments) Guidelines 2024" and shall apply to appointments of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Internal Auditor (CIA) and the Company Secretary (CS) by whatever name called.

ii. These guidelines shall apply to all the public sector companies as defined in the Act as well as on the statutory SOEs. However, if required, the Boards of statutory SOEs may make necessary adjustments in accordance with their statutory requirements. All SOEs shall concurrently comply withthe applicable laws/rules/regulations as per sectoral regulatory requirements, particularly related to the fitness and propriety, provided those laws and regulations are not inconsistent with the Act.

iii. These Guidelines shall come into force immediately and shall apply on any appointments made after this date.

2. Procedure for Appointment to C-Level Positions

i. The appointment of CEO shall be made in accordance with Section 18 and 22(2) of the Act.

ii. The minimum educational qualification and experience for appointments as CEO, CFO, CIA and CS are given in Schedule-I of these Guidelines. The Board of the SOE may adopt higher educational qualifications and/or experience threshold keeping in view the requirements of the position.

iii. The appointment process should be initiated well in advance, preferably three months before the term of the incumbent is due to expire.

Step 1: Job Description

i. The Board shall develop a Job Description for each of the C-Level positions in the light of the job requirements; fit and proper criteria specified in Section 16 and Schedule-IV of the SOEs Act, 2023; delegations and accountabilities of the role; and any other dimensions that the Board may deem appropriate.

Step 2: Advertisement for the Position

i. The vacancy shall be advertised through publication in the print media as well as on the website of the SOE. The advertisement shall clearly specify, inter-alia, the minimum qualifications, experience, age limit (if any), requirements of fit and proper criteria and the roles and responsibilities of the position.

ii. The applicants shall be required to provide copies of the degrees/ diplomas/ testimonials, and other documentation supporting the application.

iii. The deadline for applications will not be less than 14 calendar days.

iv. Notwithstanding the foregoing, the Board may outsource the process of inviting applications to a head-hunting firm requiring it to recommend a short list of candidates.

Step 3: The Board Committee

i. The appointment process of the C-Level positions, except the CIA, shall be supervised by the Human Resource Committee of the Board, or a Special Committee constituted for the purpose by the Board (the Committee).

ii. In the case of the post of CIA, the process will be supervised by the Audit Committee of the Board.

Step 4: Shortlisting Process

The Committee shall consider the candidates received from the following sources and prepare a shortlist by applying pre-defined objective criteria:

i. Those applying in response to the advertisement

ii. Those identified through the SOEs succession plan and/ or

iii. Those recommended by a headhunting firm appointed for the purpose

Step 5: Evaluation of Candidates

i. The Committee shall further evaluate the shortlisted candidates on the basis of job requirements for the position.

ii. The Committee shall keep in view, the Fit and Proper Criteria given in Schedule IV of the SOE Act, 2023.

iii. The Committee shall conduct interviews of the shortlisted candidates andassign scores to each candidate.

iv. The total score assigned to a candidate will consist of:

   a) The score assigned on the basis of evaluation at the shortlisting stage.

   b) The score assigned by the committee on the basis of the interviews.

Step 6: Recommendation from the Committee to the Board

i. The Committee shall recommend a minimum of three candidates to the Board for appointment to any C-Level position, in the case of a Public Sector Company.

ii. In case of statutory SOE, the Committee shall submit its recommendations to the Board for its decision to appoint or to make further recommendation to the competent authority, as the case may be, under the relevant statute.

iii. The candidates shall be recommended to the Board inorder of preference based on the results of the Committee's interview andevaluation.

iv. Copy of the minutes of the meeting of the Committee recommending the shortlisted candidates shall be submitted to the Board together with the Committee's recommendations

v. The Board may, if it deems appropriate, conduct final interview of the shortlisted candidates before taking a final decision.

vi. The Board may appoint any of the candidates recommended by the Committee based on its own evaluation of candidates' credentials.

vii. In case the Board does not concur to the appointment of any of the proposed candidates, it shall inform the Committee of the reasons for non-concurrence and refer the matter back to the Committee with directions to identify additional/ alternate candidates.

Step 7: Declaration Regarding Conflict of Interest & Verification of Degrees

i. The selected applicant shall be required to submit a declaration on a non-judicial stamp-paper of requisite value as per Schedule-II of these Guidelines that he is not ineligible for appointment to the relevant positionin accordance with the requirements of fitness and propriety and the relevant provisions of the Schedule IV of the SOEs Act and Companies Act, 2017.

ii. The degree/ educational certificates of the selected candidate will be verified through Higher Education Commission or the relevant ProfessionalBody or Association, within 90 days of his appointment and the outcome will be reported to the Human Resources Committee at the end of 90 days.

Schedule-I

2. **The Minimum Qualification and Experience** required for the key positionsshall be as under.

The Chief Executive Officer:

a) Must possess a graduate degree in business administration; public administration;finance; commerce or marketing or equivalent from a well-reputed institute duly recognized by HEC or such other professional qualification relating to the principal line of business of the SOE as may be specified by the SOE.

Or

Be a member of a recognized body of professional accountants,

b) The candidate must possess demonstrated experience of not less than ten years:

i. In governance or business administration or finance or commerce ormarketing or any other field relevant to the job in well-known organizations with commercial orientation,

Or

ii. As Chief Executive or at a senior management level in similarorganizations that have commercial attributes,

Or

iii. At the level of member of governing body of a professional institute or asa head of department.

3. The Candidate for CFO must be:

a) a member of an organized body of professional accountants with at leastfive years relevant experience, in case of SOEs having total assets of five billion rupees or more; or

b) holding a master's degree in finance related disciplines from a university recognized by the HEC with at least ten years relevant experience, in case of other SOEs.

4. For the position of CIA, the candidate must be:

a) a member of a recognized body of professional accountants having qualification of CA/CPA/ACMA/ACCA/ MBA (Finance) from reputed local or international University/Institute with at least five years relevant experience, in auditing and risk management, designing of internal control procedures, effective compliance of financial reliability in public/private sector with understanding of governance, risks and risks controls especially in SOEs or public sector projects.

5. For the position of CS, the candidate must be:

a) a member of a recognized body of professional accountants; or

b) a member of a recognized body of corporate or chartered secretaries; or

c) a person holding a masters degree in business or finance or commerce orlaw from a university recognized by the Higher Education Commission with at least five years relevant experience.

Schedule-II

DECLARATION TO ACCOMPANY THE APPLICATION FORM FOR THE POST OFCHIEF EXECUTIVE OF PUBLIC SECTOR COMPANY

i. I……………. Son/daughter of……………………., holder of CNIC No…………….

hereby declare that I am not ineligible to act as a .... in terms of Fit and Proper Criteria under the SOEs Act.

ii. I further declare that I am not suffering from any present or perceivedconflict of interests which would interfere with the exercise of independent judgment when acting in the capacity of ………….. of the company or would be disadvantageous to the interests of the SOE.

Signature:____

Full Name (in Block Letters),

Designation, NIC Number,and Full Address

Date...

Place……

Witness to the signature:

Signature:____

Full Name, Father's Husband's

Name (in Block Letters) NIC Number, OccupationFull Address

Note: To be made on stamp paper of requisite amount duly verified by OathCommissioner

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