

BISP's clarification in response to media reports regarding COVID 19 Special Audit Report

The “Audit Report on the Expenditure incurred on COVID 19 by the Federal Government” covered audit of various agencies involved in the response to COVID 19, including NDMA, various Ministries, USC, as well as BISP, which executed Ehsaas Emergency Cash. This report was laid in the Parliament several weeks ago and has been in the public domain since. Hence this is not a new report.

The audit observations/recommendations related to Ehsaas Emergency Cash were of mainly of a “technical” and “advisory nature”. BISP holds the Office of the Auditor General of Pakistan in high esteem and takes their observations in a positive sense to further refine and strengthen systems.

BISP authorities explained that Ehsaas Emergency Cash was initiated within a few days of the Covid-19 lockdown. It has been highly rated globally as one of the best global practices. Despite its massive operations both in terms of coverage and fiscal quantum in a context of strict lockdowns, there were only 10 audit observations related to Ehsaas (largely recommendations of an advisory nature); these were raised due to dependency on other allied institutions. Details about these observations along with BISP's summary responses to Audit are being outlined here.

1) AUDIT observation #1: Non-disbursement of COVID 19 Cash Transfers to 1.32 million enrolled/registered beneficiaries. *“Audit recommends that status of payments to the remaining possible beneficiaries be shared with audit and challans duly verified from FTO showing amount refunded bank by banks after reconciliation may be produced to Audit”.*

Summary of BISP's response: BISP enrolled total of 16.9 million beneficiaries. Out of these, 14.8 million beneficiaries were disbursed an amount of Rs. 179.2 billion. 1.3 million beneficiaries never came forward to collect their money despite extensive campaigns. BISP also devised various policies including policies for non-BVS and Next Of Kin on emergent basis to ensure that the affected families receive their due financial assistance. A report was submitted to Audit, outlining findings of a study citing reasons for non-withdrawal and the difficulties experienced during the execution of the largest social protection program in the country's history in the most difficult circumstances (Detailed Report: <https://bit.ly/3dbvUG1>). Audit was provided with Challan Forms related to the undisbursed Rs. 1 billion which were deposited by partner banks in the Government Treasury. **This Audit observation was purely of a service quality nature. There was no irregularity was observed or identified by audit in this observation.**

2) AUDIT observation #2: Cash Transfers to Government servants including pensioners. *“Audit recommends updating BISP database by obtaining relevant data from CGA, MAG, PTCL, NADRA, PIA, EOBI and other large autonomous bodies to scrutinize the complete block and to cleanse non-deserving beneficiaries”*

Summary of BISP's response: Government's payrolls are not digitized. The data of employees used in developing the observation, was taken by the audit at their own which was not earlier shared by CGA or any other agency with BISP. For the first time in the history of the country, BISP exited around 850,000 undeserving individuals from BISP's lists under Ehsaas' reform policy. We have access to data of provincial and federal govt servants which have been exited from our lists. We have requested for data of autonomous agencies and pensioners repeatedly through written requests but have not received it so far. **This Audit observation was a recommendation, and no irregularity was observed.**

3) AUDIT observation #3: Cash Transfers to those beneficiaries having filers status as per FBR record. *"Audit recommends that BISP will get the detail particulars of such filers having taxable income higher than the 50,000 per month and prepare a comprehensive case for FIA legal action against these persons because they were involved in cheating the state"*

Summary of BISP's response: Exclusion based on existence of tax filer status was not one of the exclusion criteria approved by the Cabinet for Ehsaas Emergency Cash. These individuals sought assistance from the state during lockdowns when their businesses were closed; this was the purpose of Ehsaas Cash to provide relief at a time of lockdowns. We do not believe they were "cheating the state". **There was full compliance with cabinet approved eligibility criteria, and no irregularity was committed.**

4) AUDIT observation #4: Withdrawal of COVID 19 cash grants from both BISP and Zakat by same beneficiaries. *"Audit recommends that proper integration of data be carried out at PASS Division level to avoid duplication of payments"*.

Summary of BISP's response: Exclusion based on whether a person was a Zakaat recipient was not one of the exclusion criteria approved by the Cabinet for Ehsaas emergency cash. **There was full compliance with cabinet approved eligibility criteria.** As for Audit's recommendation, it is well taken for the future. It is pertinent to mention that DAC in its meetings held on 8-12-2020 and 01-03-2021 **decided to settle the matter to the extent of BISP.**

5) AUDIT observation #5: Wrong profiling of beneficiaries resulted in release of cash transfers to both spouses. *"Audit recommends updating BISP database, responsibility for wrong profiling be fixed on NADRA and relevant record by NADRA on sample basis be provided to audit"*.

Summary of BISP's response: as a policy, we verify from NADRA if a couple reported 'married' in our survey is actually married; in other words, we are dependent on NADRA for verification of marital status. NADRA has no way of knowing about marital status, if a man and woman aren't registered as "married" in their database. NADRA certified that in 125,536 out of the 133,087 cases highlighted by Audit, there was no linkages of man and woman being "married" in the NADRA databases. For the remainder 7551 beneficiaries, where a doubt arose, we have already made recoveries and have deposited in the money in the treasury. **No irregularity or non-compliance identified on the part of BISP.**

6: AUDIT observation #6: Irregular payment of Cash Transfers to those beneficiaries who were excluded by NADRA during profiling checks. “*Audit recommends that data provided by PITB regarding block list may be upgraded by BISP to exclude regular beneficiaries*”.

Summary of BISP’s response: Punjab gave us additional data which enabled us to build additional exclusion filters only for a category of Ehsaas Cash recipients (Category III A), which were funded by Punjab (see details of categories here: <https://bit.ly/3dbvUG1>). This additional information (for example land ownership) was not available for the rest of the country. These extra exclusion criteria were not part of the exclusion criteria approved by the Cabinet for Ehsaas Emergency Cash. **There was full compliance with cabinet approved eligibility criteria. No irregularity or non-compliance identified on the part of BISP.**

7 + 8) AUDIT observation #7&8: ‘Irregular’ payment made to beneficiaries having Poverty scores higher than the approved eligibility thresholds (having Poverty scores higher than the approved eligibility threshold)

Summary of BISP’s response: Not a single beneficiary having higher than approved PMT threshold received payment. it must be understood that some people get surveyed in 2 houses (e.g., a woman provides data in her father’s house and in the husband’s house) in such cases we use the lower PMT for eligibility to give the person the benefit, as per convention **Full compliance with Board approved Policy was ensured. Audit only sought further clarification**, which was provided.

9) AUDIT observation #9: Un-authentic withdrawals of COVID Cash Transfers out of districts/ province. “*Audit recommends that the matter may be inquired and amount of fake biometric be recovered besides strict action against the culprits under intimation to audit*”.

Summary of BISP’s response: Cases of 103 Point of Sale agents of banks were alleged to be involved in fraudulent withdrawals. A provincially representative sample survey was conducted (with 95% CI) which showed that 99.51% beneficiaries did receive their payments. 0.49 % (11) beneficiaries might have been subjected to possibly unauthentic withdrawal. Since this is a the legal responsibility of contracted banks, the sum will be deducted from their fees and cases of field level embezzlement have been already been registered with FIA

10) AUDIT observation #10: Embezzlement by POS agents through fake biometric from the accounts of dead prime

BISP conducted field verification on 120 cases and found out that in 106 cases the payment was withdrawn before the date of death, which implies that beneficiaries received payment before they died. In 14 cases (amounting PKR 168,000) payment was withdrawn after the date of death, which indicates collusion at the field level. The matter has been raised with bank and since this is the legal responsibility of the contracted banks, this sum will be deducted from their fees. Cases have also been registered with FIA.

In view of the above, BISP authorities reiterated that no irregularity was committed during EEC disbursements, besides there were no allegations from Audit of mis-procurement, no procurement violations, no violation of rules, no financial mismanagement, no loss to the exchequer, no wasteful expenditure, no overpayments, no unauthorized retention, and no instances of “nonproduction of records”; and no corruption. BISP, therefore, rebuts the recent negative media reports.