

**Benazir Income Support Programme  
Audited Financial Statements  
June 30, 2017**

**Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants**

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## INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT

We have audited the accompanying statement of receipts and payments of Benazir Income Support Programme (BISP) for the year ended June 30, 2017 and a summary of significant accounting policies and other explanatory material (together "the Statement"). The Statement has been prepared by the management in accordance with the basis of preparation described in note 2.

### Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement of receipts and payments in accordance with the basis of preparation described in note 2 to the Statement and Benazir Income Support Programme Act 2010, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the receipts and payments are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the Statement for the year ended June 30, 2017 is prepared in all material respects, in accordance with the basis of preparation as described in note 2 to the Statement and Benazir Income Support Programme Act 2010.

### Other Matter(s)

The financial statements of Benazir Income Support Programme for the year ended June 30, 2016, were audited by Deloitte Yousuf Adil, Chartered Accountants, who expressed an unmodified opinion on those statements on July 12, 2017.

*Naveed Zafar Ashfaq Jaffery*

**Basis of Accounting and Restriction on Distribution**

Without modifying our opinion, we draw attention to Note 2 to the Statement, which describe the basis of accounting. The Statement is prepared to assist BISP management for the reporting requirement under loan agreement between Government of Pakistan and Asian Development Bank (ADB). As a result, the Statement may not be suitable for any other purpose.



Chartered Accountants

Engagement Partner  
Shahid Mohsin Shaikh

Lahore  
Date: July 30, 2019

**BENAZIR INCOME SUPPORT PROGRAMME  
STATEMENT OF RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>RECEIPTS</u>	Note	2017 Rupees	2016 Rupees
Receipts from Government of Pakistan and donors	4	107,008,337,315	104,424,281,269
<b><u>PAYMENTS</u></b>			
Unconditional cash transfer to beneficiaries	5	103,028,080,553	95,673,347,553
Cash transfer to beneficiaries under Waseela-e-Taleem	6	2,273,726,076	1,880,375,316
Commission and service charges	7	2,678,280,072	2,406,580,003
Consultancy / Research and Surveys	8	1,023,590,724	205,286,449
Operational expenses	9	1,856,489,476	1,777,747,868
Goods / Physical assets	10	16,933,872	55,369,020
		110,877,100,773	101,998,706,209
Surplus/(deficit) of receipts over payments for the year		(3,868,763,458)	2,425,575,060
Lapsed funds pertaining to Government of Pakistan	11	(33,269,366)	(1,314,279)
Net surplus/(deficit) of receipts over payments for the year		(3,902,032,824)	2,424,260,781
Surplus of receipts over payments at the beginning of the year		7,560,993,411	5,136,732,630
Surplus of receipts over payments at the end of the year		3,658,960,587	7,560,993,411
<b>REPRESENTED BY</b>			
Cash at bank	12	3,658,960,587	7,560,993,411

The annexed notes from 1 to 15 form an integral part of these financial statements.

Director (F&A)

Secretary

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**BENAZIR INCOME SUPPORT PROGRAMME  
NOTES TO THE STATEMENT OF RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**1 STATUS AND NATURE OF BUSINESS**

Benazir Income Support Programme (BISP) was enacted through Benazir Income Support Programme Act on 18th August, 2010 to provide financial assistance and other social protection and safety net measures to economically distressed persons and families. BISP also works to bring a positive change in the lives of poor and destitute by providing various opportunities to them such as education, special education, vocational training, skill development, livelihood programs, health insurance, accident insurance and access to microfinance for improving their financial status.

**Objectives of the BISP are:**

- (i) to enhance financial capacity of the poor people and their dependent family members;
- (ii) to formulate and implement comprehensive policies and targeted programs for the uplift of underprivileged and vulnerable people; and
- (iii) to reduce poverty and promote an equitable distribution of wealth especially for the low income groups.

Under BISP, Government of Pakistan has been providing following initiatives for the poor people:

**a) The Unconditional Cash Transfers (UCT) Programme:**

The core programme of BISP, was initiated in 2008. The short term objective of the programme was to cushion the adverse impacts of the food, fuel and financial crisis on the poor, but its broader objective is to meet the redistributive goals of the country by providing a minimum income support package to the chronically poor and those who are more likely to be affected negatively by future economic shocks.

**b) Waseela-e-Taleem**

Waseela-e-Taleem was developed by BISP in consultation with all the programme stakeholders. Wet Programme, a Co-responsibility Cash Transfer (CCT) Programme of BISP that was initiated to financially support the primary education of 4 to 12 years old children of BISP beneficiary families for their enrolments and retention. Each beneficiary child receives a cash transfer of Rs. 750 per quarter upon meeting the admission verification in 1st quarter and attendance requirement of 70% in subsequent quarters till completion of the primary education.

Government of Pakistan has sanctioned Grants of Rs. 115,000 million against their budget approved by the Parliament for the Financial Year 2016-17 to carry out their operations / programs. Budgeted amount comprises local component of Rs. 97,000 million and foreign component of Rs. 18,000 million. The funds received against these allocations are reported in note 4 to these financial statements.

The sanctioned grants include funding from Government of Pakistan, International Development Association (World Bank), DFID (Department for International Development) and Asian Development Bank.

**2 BASIS OF PREPARATION**

**2.1 Statement of Compliance**

The Statement of Receipts and Payments has been prepared for the year ended June 30, 2017 in accordance with the International Public Sector Accounting Standards (IPSASs) Financial Reporting Under the Cash Basis of Accounting.

The Statement of Receipts and Payments presents only the transactions of the Programme. Further, the Statement has been prepared to reflect the receipts of funds from the Government of Pakistan, International Development Association, Department of International Development and Asian Development Bank, and onward disbursements to eligible beneficiaries under various programs being run under BISP, and other operational expenses by BISP for the period ended June 30, 2017.

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## **2.2 Reporting Period**

The reporting period of Statement of Receipts and Payments is the financial year 2016-17 (from July 01, 2016 to June 30, 2017).

## **2.3 Basis of measurement**

The Statement of Receipts and Payments has been prepared using cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. On this basis, transaction and events are recognized only when cash is received or paid by the entity. The Statement of Receipts and Payments has been prepared for the year ended June 30, 2017 and for the submission to the BISP & donors and may not be suitable for any other purpose.

## **2.4 Functional and presentation currency**

The Statement of Receipts and Payments of BISP are presented in Pak Rupee, which is the BISP's functional and presentation currency.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Receipts of Funds**

Receipts by BISP consist of receipt from the Government of Pakistan (GoP) and Donors. BISP recognizes receipts from funds allocated to the Programme by the Government of Pakistan (GoP) upon quarterly release by Ministry of Finance and endorsement by Accountant General Pakistan Revenues (AGPR) as communicated to the National Bank of Pakistan. BISP recognizes receipts from Donor Agencies upon intimation by the State Bank of Pakistan to the National Bank of Pakistan, Civic Centre Branch, Islamabad, of the amount credited in the assignment account of BISP, as in donor assignment accounts the funds released by the donors are being routed through State Bank of Pakistan by converting foreign currency in to Pak Rupee as per State Bank of Pakistan's Revised Accounting Procedures 2013 for revolving fund accounts.

### **3.2 Payment for expenditure**

Expenditure is recognized on the date when payment is made or cheque is issued. Financial year to which the payments pertain is determined by the date on which a cheque or payment advice is issued. All outstanding/unpresented cheques at the end of the year are cancelled/reversed as per government rules.

### **3.3 Funds of Decredited Beneficiaries**

Amounts remaining in beneficiary accounts are marked as "De-Credited" if there is no withdrawal from the account for a period of one year in that beneficiary account. Funds held in respect of "De-Credited" accounts are deposited directly in Government Treasury by the Partner Banks. Funds transferred to Government Treasury are shown by way of a note to the financial statements.

### **3.4 Foreign currency transactions**

As per Revised Accounting Procedures 2013 of Finance Division for revolving fund accounts, the exchange rate used for donor reporting purpose is the rate applied by State Bank of Pakistan for converting foreign currency in to Pak Rupees for that receipt of tranche at the time of receipt of funds in SBP from donors. In case of more than one tranche, the rate applied for each tranche will be used for donor reporting purposed and fund received in the first tranche will be utilized first and the unutilized balance shall be attributed to the last tranche.

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### 3.5 Taxation

In accordance with Section 13 (4) of The Benazir Income Support Program Act, 2010 "Donations and grants received by the Programme shall be exempt from all taxes".

### 3.6 Cash

Cash comprises cash on hand, demand deposits and cash equivalents. Cash equivalents comprise balances with banks in assignment account which are non-lapsable.

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	Note	2017 Rupees	2016 Rupees
<b>4 RECEIPTS FROM GOVERNMENT OF PAKISTAN AND DONORS</b>			
Receipts from the Government of Pakistan	4.1	97,000,000,000	87,611,838,000
Receipts from International Development Association	4.2	1,849,450,855	4,492,285,179
Receipts from Department For International Development	4.3	3,839,631,687	8,599,603,375
Receipts from Asian Development Bank	4.4	4,319,254,773	3,720,554,715
		<u>107,008,337,315</u>	<u>104,424,281,269</u>

- 4.1 The Government of Pakistan allocated a single line expense in respect of Benazir Income Support Programme in Federal Budget.
- 4.2 The Social Safety Net Technical Assistance Project is a project of Benazir Income Support Programme and is effective from October 01, 2009 with the closing date of June 30, 2017. Government of Pakistan has entered into agreement with International Development Association (IDA) for arranging financing agreement for enhancing the operation and management of a nationwide, effective and transparent safety net system for the poor in Pakistan. International Development Association (IDA) has sanctioned credit of Special Drawing Rights (SDR 40.2 Million), a loan of US\$ 60 Million to GoP for the Project. Government of Pakistan has entered into agreement for Additional Financing with International Development Association (IDA) effective from May 28, 2012 with closing date of June 30, 2017. In accordance with Development Credit Agreement IDA has sanctioned credit of Special Drawing Rights (SDR 40.2 Million), a loan of US\$ 60 million (original) + US\$ 150 Million AF = US\$210 million to GoP for the Project.
- 4.3 The Department For International Development (DFID) provides donation to BISP for disbursement to beneficiaries of the BISP. The donation is conditional upon the number of beneficiaries being disbursed with the funds by BISP, known as disbursement linked indicators (DLIs).
- 4.4 The Asian Development Bank (ADB) vide Agreement No. 3049-PAK (SF) Social Protection Development Project on November 13, 2013 lends to the Government of Pakistan of Special Drawing Rights SDR 283,776,000. This loans carries interest at the rate of two percent per annum during the grace period and thereafter, on the amount of the loan withdrawn from the Loan Account and outstanding from time to time. BISP, in consideration of ADB entering into Loan Agreement with Government of Pakistan, has agreed to undertake the obligations set forth in Project Agreement dated November 25, 2013.

Total withdrawals are amounting Rs. 18,193,838,373/-, which comprises Rs. 4,319,254,773/- directly received by BISP and Rs. 13,874,583,600/- loan installments through GoP.

	Note	2017 Rupees	2016 Rupees
<b>5 UNCONDITIONAL CASH TRANSFER TO BENEFICIARIES</b>			
<b>Sources of cash transfer:</b>			
Government of Pakistan		90,731,043,612	83,661,208,853
Department For International Development		4,840,373,972	6,895,788,300
Asian Development Bank		5,019,378,061	1,890,423,000
International Development Association - Additional Financing		2,437,284,908	3,225,927,400
	5.1	<u>103,028,080,553</u>	<u>95,673,347,553</u>

Under UCT Program payment of Rs. 4,834/- (2016: Rs. 4,700/-) per beneficiary on quarterly basis is made to each beneficiary. Total number of beneficiaries covered under this program are 5.054 million (2016: 5.207 million) as per BISP record.

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	Note	2017 Rupees	2016 Rupees
<b>5.1 Modes of payments to beneficiaries:</b>			
Benazir Debit Card (BDC)	5.1.1	76,565,220,244	86,676,155,469
Phone to Phone Banking (P to P)	5.1.2	1,633,223,342	2,326,634,300
Pakistan Post Office	5.1.3	5,496,870,029	4,541,458,084
Benazir Smart Card	5.1.4	449,474,564	2,129,099,700
Biometric Verification System (BVS)	5.1.5	18,883,292,374	-
		<u>103,028,080,553</u>	<u>95,673,347,553</u>

5.1.1 BISP has agreed with six Partner Banks for provision of services to beneficiaries enabling them to withdraw their quarterly installments. The quarterly installments are withdrawn through Benazir Debit Card for the BISP beneficiaries.

5.1.2 The beneficiary receives the 16 digit reference number on the SIM provided at the time of account opening. The beneficiary can withdraw cash by providing original CNIC and 16 digit reference number at any franchise/sales and service center.

5.1.3 The payment through Pakistan Post represents payments to those beneficiaries which have not yet been upgraded to Alternate Payment Mode (APM). The disbursement is made through money orders via Pakistan Post only in those districts where there is no APM in operation.

This amount includes payment of Rs. 50,307,807/- (2016: Rs. 73,479,800/-) to beneficiaries identified through Parliamentarian Survey conducted in 2009. Parliamentarians identified beneficiaries in their respective constituencies.

5.1.4 This amount represents payment through Benazir Smart Cards issued to the beneficiary. Distribution Centers are established at Tehsil Level in more than 120 districts of Pakistan.

5.1.5 This amount represents payment through Biometric Verification System to the beneficiary enabling them to withdraw their quarterly installment from any authorized franchise / sales and service center.

	Note	2017 Rupees	2016 Rupees
<b>6 CASH TRANSFER TO BENEFICIARIES UNDER WASEELA-E-TALEEM</b>			
<b>Sources of cash transfer:</b>			
Government of Pakistan		1,733,060,129	42,918,300
Department For International Development		530,187,000	-
International Development Association - Additional Financing		10,478,947	1,837,457,016
	6.2	<u>2,273,726,076</u>	<u>1,880,375,316</u>

6.1 Under this Waseela-e-Taleem, payment of Rs. 750/- per quarter per child is made to the eligible beneficiary for her children of age of 4 to 15 years. The eligibility of child is conditional upon the age of 4 to 12 years at the time of admission and seventy percent attendance in the school thereafter. The maximum age limit of child for payment is 15 years.

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	Note	2017 Rupees	2016 Rupees
<b>6.2 Modes of payments to beneficiaries:</b>			
Benazir Debit Card (BDC)		1,526,768,879	1,730,950,650
Phone to Phone Banking (P to P)		48,204,750	119,932,200
Payment through Post Office		31,463,197	29,492,466
Biometric Verification System (BVS)		667,289,250	-
		<u>2,273,726,076</u>	<u>1,880,375,316</u>

## 7 COMMISSION AND SERVICE CHARGES

### Sources of payments:

Government of Pakistan Funds		2,475,669,607	2,125,015,222
Department For International Development		190,350,482	2,012,808
International Development Association - Additional Financing		12,259,983	279,551,973
	7.2	<u>2,678,280,072</u>	<u>2,406,580,003</u>

7.1 BISP has engaged banks and Pakistan Post for disbursement of funds to beneficiaries. Under various agreements with partner banks, BISP pays service charges ranging from 2% to 2.75% of disbursed amount to partner banks. BISP has also paid services charges to NADRA for verification of CNIC of beneficiary, data entry and operational charges of NADRA counter in tehsil office.

	Note	2017 Rupees	2016 Rupees
<b>7.2 Commission and service charges paid to:</b>			
National Database & Registration Authority (NADRA)		274,678,840	210,757,150
Bank Alfalah Limited		392,393,281	496,519,688
United Bank Limited		780,187,540	553,433,600
Habib Bank Limited		445,349,500	556,001,768
Pakistan Post Office		38,061,270	42,932,940
Summit Bank		122,845,178	89,451,849
Tameer Microfinance Bank Limited (TMFB)		604,579,329	440,491,739
Sindh Bank Limited		20,185,134	16,991,270
		<u>2,678,280,072</u>	<u>2,406,580,003</u>

## 8 CONSULTANCY / RESEARCH AND SURVEYS

NSER Suvey Firms Payments	8.1	853,892,990	138,067,004
Consultants	8.2	76,034,772	67,219,445
Consultancy charges for Waseela-e-Taleem	8.3	93,662,962	-
	8.4	<u>1,023,590,724</u>	<u>205,286,449</u>

8.1 This represents payment to National Social Economic Registry (NSER) suvey firms against pilot phase survey work in 14 districts.

8.2 BISP has hired consultants under para 14 of Project Appraisal Documents (PAD) to provide technical assistance in the areas of project coordination, monitoring & evaluation, training, MIS, IT, financial management, procurement and communications.

8.3 This represents payment to Aurat Publication and Information Service Foundation and MM Pakistan (Pvt) Limited against evaluation report of waseela-e-taleem programme agreed on January 10, 2017.

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	Note	2017 Rupees	2016 Rupees
<b>8.4 Sources of payments:</b>			
Government of Pakistan Funds		162,900,798	-
International Development Association - Technical Assistance		856,371,016	201,098,009
Asian Development Bank		4,318,910	4,188,440
		<u>1,023,590,724</u>	<u>205,286,449</u>

#### 9 OPERATIONAL EXPENSES

Salaries and wages		1,601,356,084	1,554,867,677
Rent and other services		96,434,834	82,969,370
Contribution and subscription		47,126,055	37,795,873
Communication charges		24,299,020	21,048,613
Utilities		21,593,251	23,093,494
Travelling allowance		13,293,735	16,381,665
Printing and stationary		13,931,629	15,511,444
Repair and Maintenance		9,993,709	8,317,498
Entertainment		1,609,342	2,721,647
Newspapers, periodicals and books		662,007	1,023,920
Advertisement		19,998,012	1,519,026
Finance charges		133,546	264,985
Training		114,051	6,089
Transportation of goods		516,253	424,090
Advances		826,289	6,620,000
Travelling charges		49,550	421,180
Other expenses	9.1	4,552,109	4,761,297
		<u>1,856,489,476</u>	<u>1,777,747,868</u>

9.1 Other expenses comprise miscellaneous expenses incurred in the Head Quarter, Regional, Divisional and Tehsil Offices.

	Note	2017 Rupees	2016 Rupees
<b>10 GOODS / PHYSICAL ASSETS</b>			
IT Equipment			
Software	10.2	7,483,563	47,369,752
Vehicles	10.3	799,980	913,210
Office equipment		-	1,913,940
Furniture and fixtures		2,324,301	3,665,107
Other assets		5,166,676	1,103,018
		<u>1,159,352</u>	<u>403,993</u>
		<u>16,933,872</u>	<u>55,369,020</u>

10.1 Depreciation is not charged on fixed assets as the BISP uses cash basis of accounting. All assets purchased during the year are charged off in receipts and expenditure account.

10.2 This represents purchase of tablets, mobile phones and computers during the year.

10.3 This represents purchase of Linux and Windows operating systems during the year.

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	Note	2017 Rupees	2016 Rupees
<b>11 LAPSED FUNDS PERTAINING TO GOVERNMENT OF PAKISTAN</b>			
Unused GoP funds lapsed	11.1	33,269,366	1,314,279
		<u>33,269,366</u>	<u>1,314,279</u>

11.1 This represents unutilized funds by BISP at the year end. The unutilized amount in assignment account pertaining to Ministry of Finance Government of Pakistan lapses at the end of each fiscal year.

	Note	2017 Rupees	2016 Rupees
<b>12 CASH AT BANK</b>			
ADB assignment account no. 7814-3		3,619,385,687	4,326,853,543
DFID assignment account no. AA00181		39,574,900	1,760,854,667
IDA-AF assignment account no. AA00180		-	1,344,476,876
IDA-TA assignment account no. 157		-	128,808,325
	12.1	<u>3,658,960,587</u>	<u>7,560,993,411</u>

12.1 These accounts are in the name of Benazir Income Support Programme (BISP) and maintained in National Bank of Pakistan Melody Branch Islamabad. These branches represents DLI based receipts from donors which are not lapsable. The assignment account carries no interest or mark-up on the balances.

### 13 SUMMARY OF BANK WISE DE-CREDITED AMOUNT AND THEIR PAYMENTS TO GOVERNMENT TREASURY

Partner Banks	De-credited funds as at July 01, 2016	Funds de-credited during the year	Total De-credited funds	Payments to Government Treasury by Partner Banks	Balance with Partner Banks at June 30, 2017
Bank Alfalah Limited	294,970,641	279,205,499	574,176,139	573,987,426	188,713
Habib Bank Limited	149,586,944	127,376,122	276,963,066	276,963,068	(2)
Sindh Bank Limited	988,000	1,250,068	2,238,068	2,238,068	-
Summit Bank Limited	132,392,100	29,835,454	162,227,554	162,227,554	-
Telenor Microfinance Bank Limited	402,930,185	420,552,216	823,482,402	592,433,572	231,048,830
United Bank Limited	409,522,028	242,366,437	651,888,465	651,888,464	1
	<u>1,390,389,897</u>	<u>1,100,585,796</u>	<u>2,490,975,694</u>	<u>2,259,738,152</u>	<u>231,237,542</u>

### 14 GENERAL

The figures have been rounded off to the nearest Pak Rupee unless otherwise stated.

### 15 DATE OF AUTHORIZATION

These financial statements were authorized for issue on July 30, 2019 by the management of Benazir Income Support Programme (BISP).

N24576

Director (F&A)

Secretary