

**Deloitte.**

**Deloitte Yousuf Adil**  
Chartered Accountants

Member of  
**Deloitte Touche Tohmatsu Limited**

**BENAZIR INCOME SUPPORT PROGRAMME**

**STATEMENT OF RECEIPTS AND PAYMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

## **INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT**

We have audited the accompanying statement of receipts and payments of Benazir Income Support Program – BISP for the year ended June 30, 2016 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 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 risks 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, 2016 is prepared in all material respects, in accordance with the basis of preparation as described in note 2 to the Statement.

## **Basis of Accounting and Restriction on Distribution**

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

  
Chartered Accountants

## **Engagement Partner**

Shahzad Ali

Islamabad


Date: July 12, 2017

**BENAZIR INCOME SUPPORT PROGRAMME  
STATEMENT OF RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 Rupees	2015 Rupees
<b>RECEIPTS</b>			
Receipts from Government of Pakistan and donors	4	<b>104,424,281,269</b>	94,630,732,906
<b>PAYMENTS</b>			
Unconditional cash transfer to beneficiaries	5	<b>95,673,347,553</b>	86,818,282,875
Cash transfer to beneficiaries under Waseela-e-Taleem	6	<b>1,880,375,316</b>	450,262,800
Commission and service charges	7	<b>2,406,580,003</b>	2,662,851,554
Consultancy/ Research and Surveys	8	<b>205,286,449</b>	135,651,351
Operational expenses	9	<b>1,777,747,868</b>	1,504,376,492
Goods / Physical assets	10	<b>55,369,020</b>	82,721,484
		<b>101,998,706,209</b>	91,654,146,556
Excess of receipts over payments for the year		<b>2,425,575,060</b>	2,976,586,350
Lapsed funds pertaining to Government of Pakistan	11	<b>1,314,279</b>	170,617,195
Net excess of receipts over payments for the year		<b>2,424,260,781</b>	2,805,969,155
Excess of receipts over payments at beginning of the year		<b>5,136,732,630</b>	2,330,763,475
Excess of receipts over payments at end of the year		<b>7,560,993,411</b>	5,136,732,630
<b>REPRESENTED BY</b>			
Cash at bank	12	<b>7,560,993,411</b>	5,136,732,630
		<b>7,560,993,411</b>	5,136,732,630

The annexed notes from 1 to 14 form an integral part of these financial statements.

  
Director (F&A)

  
Secretary

**BENAZIR INCOME SUPPORT PROGRAMME**  
**NOTES TO THE STATEMENT OF RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**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 5 to 12 years old children of BISP beneficiary families for their enrolments and retention. Each beneficiary child receives a cash transfer of Rs. 600 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.102,000 million against their budget approved by the Parliament for the Financial Year 2015-16 to carry out their operations / programs. Budgeted amount comprises local component of Rs. 87,610 million and foreign component of Rs. 14,390 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, 2016 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 for International Development and Asian Development Bank, and onward disbursements to eligible beneficiaries under various programmes being run under BISP, and other operational expenses by BISP for the period ended June 30, 2016.

### **2.2 Reporting period**

The reporting period of Statement of Receipt and Payments is the financial year 2015-2016 (from July 01, 2015 to June 30, 2016).

### **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, 2016 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 Program 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 Payments 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 year are cancelled / reversed as per govt rules.

### **3.3 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 tranches, the rate applied for each tranche will be used for donor reporting purposes and fund received in the first tranche will be utilized first and the unutilized balance shall be attributed to the last tranche.

### **3.4 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".

### **3.5 Cash**

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





Under UCT Program payment of Rs. 4,700/- (2015: Rs. 4,500/-) per beneficiary on quarterly basis is made to each beneficiary. Total number of beneficiaries covered under this program are 5.207 million (2014: 5.072 million) as per BISP record.

	Note	2016 Rupees	2015 Rupees
<b>5.1 Modes of payments to beneficiaries:</b>			
Benazir Debit Card (BDC)	5.1.1	<b>86,676,155,469</b>	76,513,761,875
Phone to Phone Banking (P to P)	5.1.2	<b>2,326,634,300</b>	2,239,951,500
Pakistan Post Office	5.1.3	<b>4,541,458,084</b>	5,162,582,500
Benazir Smart Card	5.1.4	<b>2,129,099,700</b>	2,901,987,000
		<b><u>95,673,347,553</u></b>	<b><u>86,818,282,875</u></b>

**5.1.1** BISP has agreed with six Partner Banks for provision of services to beneficiaries enabling them to withdraw their quarterly instalments. The quarterly instalments are withdrawn through Benazir Debit Card which is a customized 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. 73,479,800/- to beneficiaries identified through Parliamentary Survey conducted in 2009. The 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.

	Note	2016 Rupees	2015 Rupees
<b>6 CASH TRANSFER TO BENEFICIARIES UNDER WASEELA-E-TALEEM</b>			
<b>Sources of cash transfer:</b>			
Government of Pakistan		<b>42,918,300</b>	353,990,400
International Development Association - Additional Financing		<b>1,837,457,016</b>	71,752,800
Department for International Development		-	24,519,600
	<b>6.2</b>	<b><u>1,880,375,316</u></b>	<b><u>450,262,800</u></b>

**6.1** Under this Waseela-e-Taleem, payment of Rs. 750/- per quarter per child of eligible beneficiary is made. The payment is made to the eligible beneficiary for his children of age of 12 years or below. This payment is conditional upon seventy per cent attendance of child in the school.

	2016 Rupees	2015 Rupees
<b>6.2 Modes of payments to beneficiaries:</b>		
Benazir Debit Card (BDC)	1,730,950,650	445,609,800
Phone to Phone Banking (P to P)	119,932,200	-
Payment through Post Office	29,492,466	4,653,000
	<u>1,880,375,316</u>	<u>450,262,800</u>

## 7 COMMISSION AND SERVICE CHARGES

### Sources of payments:

Government of Pakistan Funds	2,125,015,222	2,432,229,142
Department for International Development	2,012,808	424,032
International Development Association -Additional Financing	279,551,973	230,198,380
7.2	<u>2,406,580,003</u>	<u>2,662,851,554</u>

7.1 BISP has engaged banks and Pakistan Post for disbursement of funds to beneficiaries. Under various agreements BISP pays service charges ranging from 3% to 4% of disbursed amount. 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.

	2016 Rupees	2015 Rupees
<b>7.2 Commission and service charges paid to:</b>		
National Database & Registration Authority (NADRA)	210,757,150	158,728,208
Bank Alfalah Limited	496,519,688	474,537,928
United Bank Limited	553,433,600	734,840,082
Habib Bank Limited	556,001,768	511,923,426
Pakistan Post Office	42,932,940	110,041,590
Summit Bank	89,451,849	83,136,697
Tameer Microfinance Bank Limited (TMFB)	440,491,739	539,383,085
Sindh Bank Limited	16,991,270	50,260,538
	<u>2,406,580,003</u>	<u>2,662,851,554</u>

## 8 CONSULTANCY/ RESEARCH AND SURVEYS

Impact evaluation survey and operational review	8.1	138,067,004	75,392,450
Consultants	8.2	67,219,445	52,776,916
Enrolment for CCT		-	6,272,316
Consultancy charges for survey of Cluster "M"		-	1,209,669
8.3		<u>205,286,449</u>	<u>135,651,351</u>

8.1 This represents payment to Oxford Policy Management (OPM) against preliminary report of the First Impact Evaluation Report agreed on February 26, 2013 payment to Innovative Development Strategies (Private) Limited for operational review of initial and extended phase of waseela-e-taleem programme.

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 financial management, procurement and communications.

	Note	2016 Rupees	2015 Rupees
8.3 Sources of payments:			
International Development Association -Technical Assistance		201,098,009	134,954,577
Asian Development Bank		4,188,440	696,774
		<u>205,286,449</u>	<u>135,651,351</u>

## 9 OPERATIONAL EXPENSES

Salaries and wages		1,554,867,677	1,330,775,189
Rent, rates and taxes		82,969,370	75,429,191
Contribution and subscription		37,795,873	28,846,795
Communication charges		21,048,613	20,055,489
Utilities		23,093,494	17,015,856
Travelling allowance		16,381,665	7,496,802
Printing and stationary		15,511,444	6,993,995
Repair and Maintenance		8,317,498	3,831,109
Entertainment		2,721,647	1,692,025
Newspapers ,periodicals & books		1,023,920	665,836
Advertisement		1,519,026	609,280
Finance charges		264,985	154,439
Training		6,089	151,950
Transportation of goods		424,090	72,691
Advances		6,620,000	30,000
Legal fees		-	10,000
Travelling charges		421,180	-
Other expenses	9.1	4,761,297	10,545,845
		<u>1,777,747,868</u>	<u>1,504,376,492</u>

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

	Note	2016 Rupees	2015 Rupees
<b>10</b>	<b>GOODS / PHYSICAL ASSETS</b>		
IT Equipment	10.2	47,369,752	36,818,463
Software	10.3	913,210	35,192,489
Vehicles		1,913,940	7,655,760
Office equipment		3,665,107	2,967,504
Furniture and fixtures		1,103,018	41,848
Other assets		403,993	45,420
		<u>55,369,020</u>	<u>82,721,484</u>
<b>10.1</b>	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.		
<b>10.2</b>	This represents purchases of tablets, mobile phones and computers during the year.		
<b>10.3</b>	This represents purchase of Linux and Windows operating systems during the year.		
		<b>2016 Rupees</b>	<b>2015 Rupees</b>
<b>11</b>	<b>LAPSED FUNDS PERTAINING TO GOVERNMENT OF PAKISTAN</b>		
Unused GoP Funds lapsed	11.1	<u>1,314,279</u>	<u>170,617,195</u>
<b>11.1</b>	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.		
		<b>2016 Rupees</b>	<b>2015 Rupees</b>
<b>12</b>	<b>CASH AT BANK</b>		
ADB assignment account No. 7814-3		4,326,853,543	2,500,910,268
DFID assignment account No. AA00181		1,760,854,667	59,052,400
IDA-AF assignment account No. AA00180		1,344,476,876	2,324,929,279
IDA-TA assignment account No. 157		128,808,325	251,840,683
	12.1	<u>7,560,993,411</u>	<u>5,136,732,630</u>
<b>12.1</b>	These accounts are in the name of Benazir Income Support Programme (BISP) and maintained in National Bank of Pakistan Melody Branch Islamabad. These balances represent DLI based receipts from donors which are not lapsable. The assignment account carries no interest or mark-up on the balances.		

13 **GENERAL**

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

14 **DATE OF AUTHORIZATION**

This statement of receipts and payments was authorized for issue by the Management of the BISP on

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**Director (F&A)**

  
**Secretary**