

Audited Project Financial Statements

Project Number: 54181-001

Loan/Grant Number: 3923

Period covered: 01 July 2019 to 30 June 2020

Pakistan: Emergency Assistance for Fighting the COVID19 Pandemic

Prepared by Benazir Income Support Programme, Government of Pakistan

For the Asian Development Bank

Date received by ADB: 4 February 2021

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Access to Information Policy and as agreed between ADB and the Benazir Income Support Programme, Government of Pakistan



**Financial Attest Report on the Accounts of
Emergency Assistance for Fighting the COVID-19 Pandemic
ADB Loan No. 3923-Pak
Benazir Income Support Programme
For the Financial Year 2019-20
Audit Year 2020-21**

Auditor General of Pakistan Islamabad

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Abbreviations and Acronyms

ADB	Asian Development Bank
AGP	Auditor-General of Pakistan
AGPR	Accountant General Pakistan Revenues
BISP	Benazir Income Support Programme
EAD	Economic Affairs Division
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standards of Supreme Audit Institutions
NBP	National Bank of Pakistan
RFA	Revolving Fund Account
Rs.	Rupees
SBP	State Bank of Pakistan
SSNs	Social Safety Nets
UCT	Unconditional Cash Transfer

PREFACE


Auditor General of Pakistan conducts audit subject to the Article 169 and 170(2) of the Constitution of Islamic Republic of Pakistan, 1973 read with Section 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. The audit of "Emergency Assistance for Fighting the COVID-19 Pandemic" under Benazir Income Support Programme for the Financial Year 2019-20 was carried out accordingly.

Director General Audit (Social Safety Nets) conducted audit of the project during January, 2021 for the Financial Year 2019-20 with a view to report significant findings to stakeholders. Audit examined the Annual Financial Statements in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) to express an opinion. In addition, Audit also assessed, on test check basis, whether the management complied with applicable laws, rules and regulations in managing the project. The Audit Report indicates specific action that, if taken, will help the management to realize the objective of the project.

The report consists of two parts; Part-I contains Auditor's Report (Audit Opinion) and Financial Statements; Part-II contains Executive Summary, Management Letter and Audit Findings.

The report has been prepared for submission to the Asian Development Bank (ADB) in terms of LoanNo.3923-PAK.

Dated: 21.01.2021
Place: Islamabad


Zulfikar Ahmad
DIRECTOR GENERAL

PART-I

- 1. PROJECT OVERVIEW**
- 2. AUDITOR'S REPORT TO THE MANAGEMENT**
- 3. FINANCIAL STATEMENTS**

PROJECT OVERVIEW

Name of Project:	Emergency Assistance for Fighting the COVID-19 Pandemic
Sponsoring Authority:	Asian Development Bank (ADB)
Executing Authority:	Benazir Income Support Programme (BISP)
Loan No:	ADB-3923-PAK
Project Cost:	US \$ 199,861,965
Date of Commencement:	05-06-2020
Date of Completion: (As per agreement)	31-05-2022
Loan Closing Date:	31-05-2022
Expenditure	Rs. 13,200 Million (July 2019 to June 2020)

AUDITOR'S REPORT TO THE MANAGEMENT

Mr. Yusuf Khan,
Secretary,
Benazir Income Support Programme
F-Block, Islamabad .

Auditor's Report on the Emergency Assistance for Fighting the COVID-19 Pandemic (PREP)

We have audited the accompanying Financial Statements of "Emergency Assistance for Fighting the COVID-19 Pandemic" under the Benazir Income Support Programme, Loan No. 3923-PAK that comprise Statement of Receipts and Payments together with the Notes forming part thereof for the year ended 30th June, 2020.

Management's Responsibility

It is the responsibility of the project management to establish and maintain a system of internal controls, and prepare and present the Statement of Receipts and Payments in conformity with the requirements of Cash Basis International Public Sector Accounting Standards (IPSAS), Financial Reporting under the Cash Basis of Accounting Standard.

Auditor's Responsibility

The responsibility of the auditor is to express an opinion on the financial statements based on the audit conducted. We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The audit process includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall statement presentation. We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Opinion

In our opinion

- a) The Financial Statements present fairly, in all material respects, the cash receipts and payments made by the project for the year ended 30th June, 2020 in accordance with Cash Basis IPSAS, Financial Reporting under the Cash Basis of Accounting Standard.
- b) The expenditure has been incurred in accordance with the requirements of legal agreements.


Zulfikar Ahmad

DIRECTOR GENERAL
Directorate General Audit (SSNs),
Benevolent Fund Building, Zero Point, Islamabad

Dated: 31.01.2021

FINANCIAL STATEMENTS



BENAZIR INCOME SUPPORT PROGRAM

ANNUAL FINANCIAL STATEMENTS

FOR FY 2019-20

ADB-Emergency Assistance for fighting the Covid-19 Pandemic

Emergency Assistance for fighting the Covid-19 Pandemic

Statement of Cash Receipts and Payments

For the Period from July 1, 2019 to June 30, 2020

		2019-20 (PKR "in Million")	2018-19 (PKR "in Million")
	Note	Receipts / Payments controlled by the Project	Payments by Third Parties Receipts / Payments controlled by the Project Payments by Third Parties
RECEIPTS			
Loan Instalment - Undrawn External Assistance	7	-	-
Loan Instalment - received by Project	8	-	-
Loan Instalment - received by Government of Pakistan (GoP)	9	-	-
TOTAL RECEIPTS		-	-
PAYMENTS			
<i>Program Related Payments:</i>			
Consulting Services	10	-	-
Unconditional Cash Transfer- Biometric Verification System (BVS)	11	-	-
Sub-total - Program Related Payments		-	-
Direct Payments to Government of Pakistan (GoP)	12	13,200,000	-
<i>Operation Related Payments:</i>			
Interest charges	13	-	-
Payment to Others for Services Rendered	14	-	-
Sub-total - Operation Related Payments		-	-
TOTAL PAYMENTS		13,200,000	-
NET RECEIPT/ (PAYMENT) OF PROJECT FUND		(13,200,000)	-
INCREASE / (DECREASE) IN CASH		(13,200,000)	-
CASH AT BEGINNING OF THE YEAR		-	-
CASH AT END OF THE YEAR	15	(13,200,000)	-

The annexed notes 1 to 20 form an integral part of these financial statements.


FMS
(BISP)


ANUM AZHAR NADEEM
Assistant Director
Dept. of the Auditor General of Pakistan
O.G Audit Social Safety Nets
Islamabad


Director (F.A.)
(BISP)

Emergency Assistance for fighting the Covid-19 Pandemic
Notes to the Financial Statements
For the Period from July 1, 2019 to June 30, 2020

1 REPORTING ENTITY

The financial statements are for 'Emergency Assistance for fighting the Covid-19 Pandemic'. These financial statements encompasses the reporting entity as defined in the Loan Agreement between the Islamic Republic of Pakistan ("Borrower") and Asian Development Bank ("ADB"). This Loan Agreement was signed on 05-08-2020 for an amount of USD 199,861,965. The project closing date is 31-03-2022. The Executing Agency (EA) of the aforesaid project is Benazir Income Support Program (BISP).

The objective of the Project is to mitigate socio-economic and health impacts of the coronavirus disease (COVID-19) pandemic.

The project shall comprise the following 'Output 2' in relation to BISP:

Output 2: Payment of cash transfers to each Eligible Beneficiary as follows:

- (a) One-time cash transfer of Rs4,000 equivalent; and
- (b) Outgoing UCT installments of Rs2,000 per month.

The project is implemented through Benazir Income Support Program, Government of Pakistan (GoP).

Financing

The financing is made from the ADB's ordinary capital resources with a maturity of 20 years and a grace period of 5 years.

Responsible Agency

The Borrower designates the Fund with respect to Output 2 to Benazir Income Support Program (BISP), Government of Pakistan (GoP).

2 CERTIFICATION BY PROJECT MANAGEMENT ON APPLICATION OF FUNDS

The BISP management certified that the funds have been applied / expenditure have been incurred for the purposes intended in the loan agreement.

3 ACCOUNTING CONVENTION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Cash Basis IPSAS Financial Reporting under the Cash Basis of Accounting.

The cash basis of accounting recognizes transactions and events only, when cash is received or paid by the entity.

4 REPORTING PERIOD

The reporting period of these financial statements is the financial period commencing from July 1, 2019 to June 30, 2020.

5 REPORTING CURRENCY

The reporting currency of these financial statements is PKR which is Executing Agency's (Benazir Income Support Programme) functional and presentational currency.

6 SIGNIFICANT ACCOUNTING POLICIES

6.1 Revenue recognition

Revenue is recognized on the date of receipt of money by bank or clearance of cheque. Revenue is recognized on gross basis and any related costs are recorded separately.

6.2 Foreign Currency Transaction

Cash receipts and payments arising from transactions in foreign currencies are recognized in PKR by applying to the foreign currency amount, the weighted average exchange rate between the PKR and the US Dollar. For disbursements (payments), the rate of the first tranche would be utilized and likewise, 'First In First Out' would be the basis for conversion in subsequent payment transactions.

6.3 Recognition of 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.

6.4 Employee Terminal Benefits

Service benefits of deputation employees are accounted for in their respective departments while no service terminal benefits are paid to the contractual employees.

Emergency Assistance for fighting the Covid-19 Pandemic
Notes to the Financial Statements
For the Period from July 1, 2019 to June 30, 2020

6.5 Payments by Third Parties

The payments made by third parties do not constitute cash receipts or payments controlled by the project but do benefit the Project as the Project does not receive cash (including cash equivalents) directly from, or gain control of the bank accounts or similar facility established for its benefit by, the third parties. Payments by third parties, if any, are disclosed in the Payments by Third Parties column on the face of Statement of Cash Receipts and Payments and Notes to the Financial Statements.

6.6 External Assistance

External assistance was received in the form of Loan bearing reference number "3923-PAK" from the ADB subsequent to yearend under financing agreement dated 05 June, 2020 for the purpose of "Emergency Assistance for fighting the Covid-19 Pandemic". The Project had received the first reimbursement in the Federal Government Treasury on July 18, 2020.

	2019-20 PKR <u>in Million</u>	2018-19 PKR <u>in Million</u>
Initial advance	-	-
	-	-
TOTAL	-	-

6.6.1 This represents ADB's initial advance from the loan account for deposit to an Imprest Account to be used exclusively for ADB's share of eligible expenditures.

6.6.2 Disbursement Procedures such as 'Direct Payment' and 'Commitment' are not used for funds transferred to the project.

6.6.3 There has been no instance of non-compliance with the terms and conditions of the loan and project agreements between the ADB and GoP which have resulted in cancellation of loan.

7 Undrawn External Assistance

Undrawn balance of loan at reporting date represents amount specified in the loan agreement between the ADB and GoP that the ADB will disburse for Project purposes. The ADB loan amount is US\$ 199,861,965 under agreement # 3923-PAK, out of which Federal Government Treasury has been reimbursed on July 18, 2020 for an amount of Rs13.2 billion while US\$ 118,941,421.35 (equivalent Rs19,883,282,783) have been transferred in new ADB RFA account on Sep 4, 2020 as an advance. The interest charges by Economic Affairs Division were not applicable under this loan during the period.

8 LOAN INSTALMENT RECEIVED BY PROJECT

	2019-20 PKR <u>in Million</u>	2018-19 PKR <u>in Million</u>
Received through WA	-	-
TOTAL	-	-

9 LOAN INSTALMENT RECEIVED BY GOVERNMENT OF PAKISTAN (GoP)

	2019-20 PKR <u>in Million</u>	2018-19 PKR <u>in Million</u>
Received through WA	-	-
TOTAL	-	-

Emergency Assistance for fighting the Covid-19 Pandemic
Notes to the Financial Statements
For the Period from July 1 2019 to June 30, 2020

10 CONSULTING SERVICES
Individuals

2019-20 PKR in Million	2018-19 PKR in Million
-	-
Total	-

11 UNCONDITIONAL CASH TRANSFER- Biometric Verification System (BVS)

2019-20 PKR in Million	2018-19 PKR in Million
-	-
-	-

11.1

12 DIRECT PAYMENTS TO GOVERNMENT OF PAKISTAN (GoP)

Payments directly made to GoP by ADB - one time cash transfer of
Rs4,000 to 7.3 million beneficiaries

2019-20 PKR in Million	2018-19 PKR in Million
13,200	-
13,200	-

12.1 This represents reimbursement made to GoP by ADB for payments made to registered beneficiaries' accounts from the GoP funds. Unconditional Cash Transfer (UCT) represents cash transfers to each female who is eligible to receive UCT based on low-income household through Biometric Verification System based on criteria of (i) BISP nationwide poverty assessment survey, and (ii) the 2019/2020 National Socio-Economic Registry update

13 EXCHANGE GAIN/ LOSS

The rate of exchange applied by the State Bank of Pakistan (SBP) for converting foreign currency into PKR for that tranche at the time of receipt of funds in the SBP from the donor. In case of more than one tranche, the rate applied for each tranche will be used for project reporting purposes and funds received in the first tranche will be utilized first and the unutilized balance shall be attributed to the last tranche

Henceforth by adopting the aforesaid policy, being issued by the Finance Division, GoP, it does not result any exchange gain/loss

Emergency Assistance for fighting the Covid-19 Pandemic
Notes to the Financial Statements
For the Period from July 1, 2019 to June 30, 2020

14. In accordance with Table of Attachment to Schedule 3, 'Allocation and withdrawal of loan proceeds', the total project cost is estimated at USD 199.861 million. ADB will finance 100% of the total expenditure while there are no financing charges under this loan.

15. CASH AND BANK / CASH AT THE END OF THE YEAR

Cash at Bank (PKR millions)

2019-20	2018-19
-	-

15.1. This account is maintained in National Bank of Pakistan and designated for the ADB funded project "Emergency Assistance for fighting the Covid-19 Pandemic". This RFA account was opened and funds were received on Sep 4, 2020 and hence there was no balance as at June 30, 2020.

16. CORRESPONDING FIGURES- COMPARATIVE FINANCIAL INFORMATION

Comparative financial information are not stated in these financial statements, as the receipts / payments took place in the current financial period.

17. AUTHORIZATION FOR ISSUE

18. GENERAL

18.1. Level of Precision

The figures in these Financial Statements have been rounded off to the nearest million of PKR, unless otherwise stated.

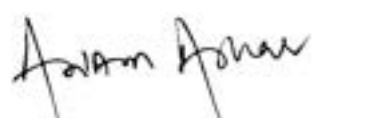
18.2. UCT No. Beneficiaries paid from ADB fund

2019-20	2018-19	Change
3,300,000	-	3,300,000

In accordance with this loan agreement with Asian Development Bank, UCT payment to 3.3 million beneficiaries had been made in April 2020.


FMS
(BISP)


Director (F.A)
(BISP)


ANUM AZHAR NADEEM
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Emergency Assistance for fighting the Covid-19 Pandemic

Statement of Expenditure

For the Period from July 1, 2019 to June 30, 2020

EXPENDITURE

Consulting Services

Interest charges

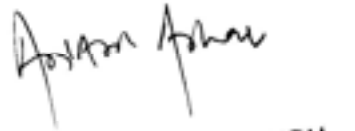
Unconditional Cash Transfer (UCT) through BVS

	2020	2019
	PKR	PKR
	"in Million"	"in Million"
Note		
10	-	-
"	-	-
12	13,200	-
	<u>13,200</u>	<u>-</u>

The annexed notes 1 to 20 form an integral part of these financial statements.


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BENAZIR INCOME SUPPORT PROGRAMME
Emergency Assistance for fighting the Covid-19 Pandemic
Cash Flow Statement
For the Financial Year July 01, 2019 to June 30, 2020

Notes	FY-2019-20	FY-2018-19
	PKR In Millions	PKR In Millions

Cash inflow from Stakeholders Financing

Loan Instalment - received by Project	8	-	-
Loan Instalment - received by Government of Pakistan (GoP)	9	-	-
TOTAL RECEIPTS		-	-

Cash outflow from Operating Activities

Consulting Services	10	-	-
Unconditional Cash Transfer- Biometric Verification System (BVS)	11	-	-
Direct Payments to Government of Pakistan (GoP)	12	13,200.000	-
TOTAL PAYMENTS		13,200.000	-

Increase/Decrease in cash	(13,200.000)	-
Cash at the beginning of the Year	-	-
Cash at the end of the year	(13,200.000)	-


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Director (F.A) (BISP)


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