Auditor-General of Pakistan

AUDIT REPORT ON
THE ACCOUNTS OF
BENAZIR INCOME SUPPORT PROGRAMME

Report No: DGA SSN 25-001

AUDIT YEAR 2025-26

FINANCIAL YEAR 2024-25

Assistant Audit Officer (IT)
20 October 2026 03:20:20 PM

PREFACE

Articles 169 & 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 & 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, require the Auditor-General of Pakistan to conduct audit of receipts and expenditure of the Federation and the Provinces or the accounts of any authority or body established by or under the control of the Federal or a Provincial government.

This report is based on audit of Benazir Income Support Programme for the financial year 2024-25. The Directorate General Audit Social Safety Nets conducted audit during Audit Year 2025-26 on a test check basis with a view to make an independent assessment of the entity and provide reliable information to the stakeholder for making sound decision making. The report also aims at improving the internal controls of the entity, thereby allowing the management to take corrective action and improve operational efficiency.

The Audit Report includes key facts about the entity, audit snapshot, findings on systemic issues, conclusion and recommendation for executive action. Audit findings indicate a number of matters related to stated roles & responsibilities of the entity, financial management, human resource management, procurement, operational processes, achievements of targets/KPI and digitization.

The audit findings were shared with the entity as well as the Principal Accounting Officer (PAO) and executive responses were evaluated before finalization of this report. The audit findings were discussed with the PAO at the Departmental Accounts Committee (DAC) meetings held on 31.10.2025 and 13.11.2025. The outcome of the meetings has been incorporated in the report.

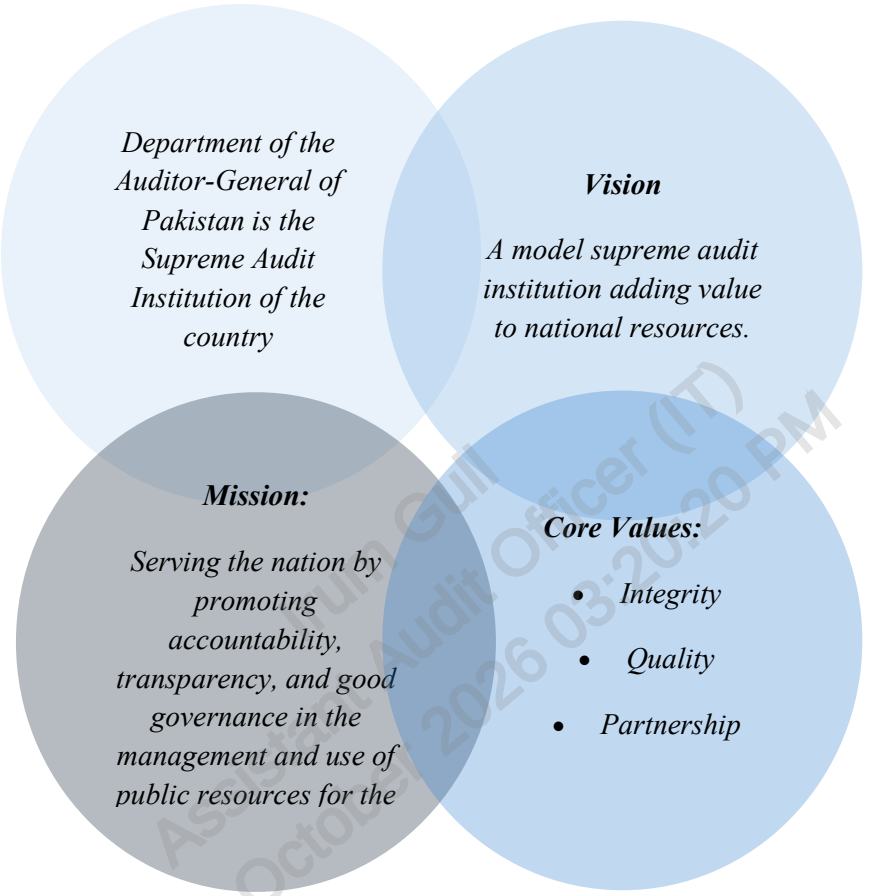
The Audit Report is submitted to the President of Pakistan in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before both houses of Majlis-e-Shoora (Parliament).

Asim Gull
Assistant Audit Officer (IT)
20 October 2025 03:29:20 PM

Islamabad
Dated: February, 2026

(Maqbool Ahmad Gondal)
Auditor-General of Pakistan

Department of the Auditor-General of Pakistan



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20 October 2026 03:20:20 PM

The Auditor-General of Pakistan is appointed under Article 168 of the Constitution of the Islamic Republic of Pakistan. The reports of the Auditor-General are laid before the legislature and are discussed by the Public Accounts Committees of the respective Assemblies. The constitutional mandate enables the Audit-General to strengthen legislative oversight by providing an independent, reliable and objective assessment of the process of governance at the federal, provincial and district level.

AUDIT SNAPSHOT

Why did we conduct this audit?	What did we find?
🔍 **Audit Objective:** Assessment of whether BISP administers public funds in accordance with its statutory mandate, approved eligibility criteria, and applicable laws. ⚠️ **Trigger for Review:** Identification of systemic weaknesses in beneficiary profiling, data integrity, eligibility enforcement, financial reconciliation, procurement practices, and governance oversight. 🎯 **Core Focus:** Evaluation of alignment between programme operations and its mandate to support genuinely deserving households. 💰 **Public Fund Safeguard:** Examination of controls to prevent misuse and ensure transparent, accountable utilization of public resources.	• Systemic weaknesses in data integration and profiling controls, leading to inaccurate beneficiary targeting. • Inclusion of ineligible beneficiaries due to ineffective enforcement of eligibility criteria and filters. • Duplication of benefits and weak inter-agency data coordination. • Significant financial management deficiencies, including non-recoveries, unresolved fraud, and incomplete reconciliations. • Procurement and contract management lapses resulting in avoidable financial loss. • Governance and oversight gaps, including constitutional and audit compliance issues.
Key Assessments	**What we Recommend?**
• ⚠️ **Risk Exposure:** Weak data integration and limited automated verification increase the likelihood of ineligible payments. • 📁 **Control Weaknesses:** Gaps in profiling, eligibility checks, data accuracy, financial controls, and oversight persist. • 🔎 **Data Anomalies:** Incorrect/missing spouse CNICs, multiple PMT scores, wrong marital/gender records, overage students, and incomplete employee/pensioner profiling. • 💰 **Financial Safeguards Needed:** Weak internal controls and inadequate system validations undermine the protection of public funds and weaken accountability mechanisms.	• Strengthen data integrity through automated cross-matching with NADRA, immigration, vehicle, and employment databases. • Enhance eligibility enforcement and prevent duplication via inter-department data-sharing and strict application of exclusion filters. • Reinforce financial controls with prompt reconciliation, recovery of outstanding amounts, and monitoring of partner banks. • Improve contract governance by timely execution and enforcement of penalties. • Institutionalize regular monitoring and risk assessment to address systemic weaknesses, reduce inclusion errors, and protect programme integrity.

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20 October 2026 03:20:20 PM

Highlights

PROGRAMME SUMMARY SHEET

Description	Details
Legal Framework of Entity	BISP Act 2010, Programme Financial Regulations 2017, Payment Regulations 2018 and Employees Service Regulations 2019
Key Responsibilities / Mandate and Objectives	The core objectives include providing financial assistance to vulnerable families, specifically targeting women for empowerment, and cushion against high inflation.
Total Assets (Current/Longterm)	Total Assets: 58,386.275 million Current Assets: 44,557.459 million Non-Current Assets: 13,828.797 million
Total Liabilities (Current/Longterm)	Total Liabilities: 58,386.275 million Current Liabilities: 24,344.098 million Non-Current Liabilities: 34,042.159 million
Government Grants	1,663.571 million
Expenditure	592,483 million
Cash Balances	15,117.801 million
Total Investments	N/A
Funding Sources (Govt/Donor agency)	GoP, GIZ, ADB and KfW
Total Allocations	592,483 million
Accounting policy	Historical Cost and Accrual Basis
Status of financial statements	Audited and approved upto FY 2024-25
Composite (risk) Rating	B - Medium Risk (due to inclusion and exclusion errors, weak financial controls and materiality)
Compliance Status of audit recommendations	Partial Compliance

Assistant Audit Officer (IT)
20 Oct 2025 12:20 PM

CONTENTS **Page No.**

ABBREVIATIONS AND ACRONYMS 1

OVERVIEW OF THE PROGRAMME 2

AUDIT OBJECTIVES 12

AUDIT SCOPE 12

AUDIT METHODOLOGY 13

AUDIT FINDINGS 15

1. INTER-AGENCY DATA INTEGRATION 15

2. DATA INTEGRITY AND DIGITIZATION 19

3. FINANCIAL MANAGEMENT 24

4. PROCUREMENT 28

5. CONSTITUTIONAL AND GOVERNANCE LAPSES 30

CONCLUSION 31

RECOMMENDATIONS 32

Irum Gul
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20 October 2026 03:20:20 PM

ABBREVIATIONS AND ACRONYMS

AIR	Audit and Inspection Report
API	Application Programming Interface
ATM	Automated Teller Machine.
BAFL	Bank Alfalah Limited
BISP	Benazir Income Support Program
BoP	Bank of Punjab
BUSP	Benazir Undergraduate Scholarship Programme.
CCT	Conditional Cash Transfer
CNIC	Computerized National Identity Card
DAC	Departmental Accounts Committee
DGA SSN	Directorate General Audit, Social Safety Nets
FY	Financial year
HBL	Habib Bank Limited
HEC	Higher Education Commission
HH	Household
ICT	Information and Communication Technology
Kfw	*Kreditanstalt für Wiederaufbau*
LMA	Limited Mandate Account
MIS	Management Information System
MOs	Money Orders
MoU	Memorandum of Understanding
NADRA	National Database and Registration Authority
NGO	Non-Government Organization
NSER	National Socio-Economic Registry
PAO	Principal Accounting Officer
PCMS	Payment Complaints Management System
PMT	Proxy Mean Test
POS	Point of Sale
PPRA	Public Procurement Regulatory Authority
SDGs	Sustainable Development Goals
UBL	United Bank Limited
UCT	Unconditional Cash Transfer
UNICEF	United Nations International Children's Emergency Fund
WeT	*Waseela-e-Taleem*
WFP	World Food Programme
WHO	World Health Organization

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29 October 2025 03:20:20 PM

1. OVERVIEW OF THE PROGRAMME

The Benazir Income Support Programme was launched in July 2008 as Pakistan's premier national safety net to mitigate the impact of slow economic growth, high food price inflation, and the global financial crisis. It provides cash transfers to vulnerable women and their families from the poorest households nationwide, irrespective of political affiliation, ethnicity, geography, or religion, with long-term objectives aligned to the United Nations SDGs on poverty eradication and women's empowerment.

Established through an Act of Parliament, BISP operates under the executive patronage of the Prime Minister and chief patronage of the President. Its mandate includes enhancing the financial capacity of low-income households, implementing targeted social protection programmes, and promoting equitable wealth distribution. BISP maintains the largest national poverty database, derived from a door-to-door survey, which informs policy planning and has been shared with national and international research organizations.

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20 October 2026 03:20 PM

The Programme is implemented nationwide through 385 tehsil offices, 33 divisional offices, six regional offices, and its headquarters in Islamabad. Regional offices in provinces are headed by Director Generals, while offices in Azad Jammu and Kashmir and Gilgit-Baltistan are managed by Regional Directors, all reporting administratively to the Secretary BISP. Out of a sanctioned strength of 3486 positions, 2350 employees were in place, resulting in a vacancy of 1,136 posts.

BISP Board, established in September 2008, comprises 9 to 11 members, including government representatives, technical experts, and NGO representatives. The Chairperson is appointed by the Chief Patron on the advice of the Executive Patron, and the Secretary BISP serves as an ex officio member and Principal Accounting Officer. The Board serves as the highest policy-making and oversight body, responsible for approving the Programme budget, making financial and regulatory decisions, setting eligibility criteria,

monitoring implementation, and presenting annual progress reports to the Council.

BISP determines eligibility through the National Socio-Economic Registry (NSER), applying a Proxy Means Test (PMT) based Poverty Score Card to identify deserving households. Payments are made through digitized channels in collaboration with partner banks and other service providers to enhance transparency, reduce leakages, and improve service delivery. Its four major programme components during FY 2024-25 are as follows:

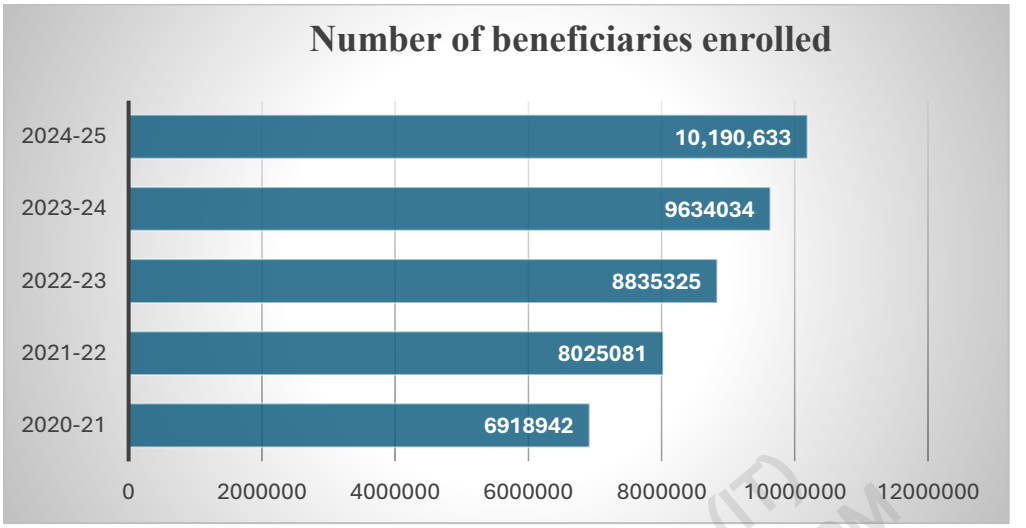
Rs. in million

Sr. No.	Programme Component	Description	FY 2024-25 Outlay
i	Benazir Kafaalat (UCT)	Quarterly cash transfer of Rs. 13,500 per household (effective January 2025). Core income support to eligible women identified via PMT Poverty Score Card.	470,025
ii	Taleemi Wazaif (CCT)	Education-linked stipends for primary, secondary, and higher secondary enrolment, attendance, and retention.	75,774
iii	Nashonuma (Nutrition)	Conditional cash plus nutritional intervention targeting malnutrition and stunting among pregnant/lactating women and children under two. Active in 158 districts.	25,193
iv	BISP Scholarships (BUSP)	Need-based undergraduate scholarships for financially disadvantaged students with emphasis on female participation across 135 public universities.	1,191

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20 Oct 2026 03:20:20 PM

1.1 FINANCIAL AND PERFORMANCE HIGHLIGHTS

The Benazir Income Support Programme (BISP) has demonstrated substantial expansion and institutional consolidation since its inception, both in terms of financial outlays and beneficiary outreach. Under the Benazir Kafaalat Programme, the number of beneficiary households increased from approximately 6.9 million in 2020 to 10 million in 2024, representing a significant expansion in direct cash transfer coverage to vulnerable segments of society, as represented through the following chart.



Financial allocations have grown correspondingly. Budgetary outlays for Unconditional Cash Transfers (UCT) increased from PKR 16 billion in 2008 to PKR 470 billion in 2024, reflecting the Government's sustained and escalating commitment to social protection and poverty alleviation. This upward trajectory in funding underscores the Programme's central role in the national social safety net architecture.

In addition to unconditional transfers, the Programme has broadened its scope through conditional and complementary initiatives in education, nutrition, and scholarships, thereby aligning cash assistance with human capital development objectives. These interventions signify a shift from pure income support to a more integrated social protection framework aimed at long-term poverty reduction, social inclusion, and intergenerational mobility.

Notwithstanding these achievements, the sustainability and credibility of BISP remain contingent upon the accuracy and integrity of beneficiary data, strict enforcement of approved eligibility and exclusion criteria, effective grievance redress mechanisms, and robust internal control systems. Given the scale of public resources involved, continuous strengthening of digital integration, cross-database validation, risk-based monitoring, and governance oversight is imperative to ensure that public funds are utilized economically and

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efficiently, and that assistance reaches genuinely deserving households in a transparent and accountable manner.

A. Five-Year Financial Overview

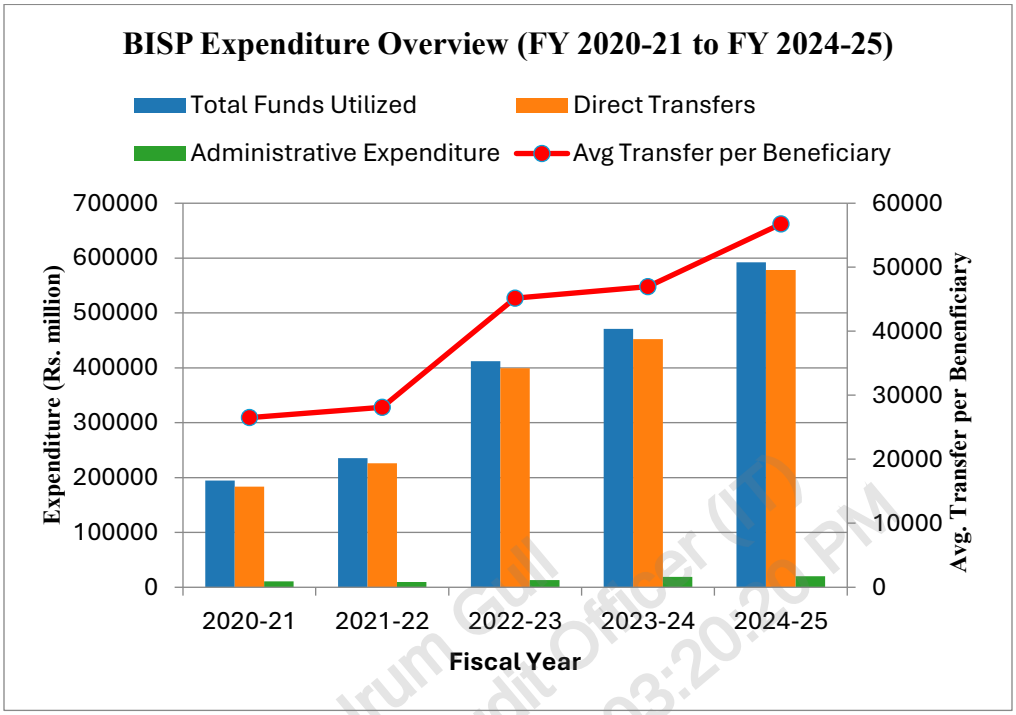
Table-I

(Rs. in million)

Data item	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Approved Budget	194,910	250,000	412,333	471,149	598,718
Foreign Funding Expenditure	54,317	5,540	187,452	59,240	37,110
Total Utilized Funds	**194,298**	**235,625**	**412,261**	**471,099**	**592,383**
Direct Transfers (UCT + CCT + Nashonuma + BSU)	183,349	225,764	399,200	452,409	578,296
Benazir Kafaalat (UCT)	169,403	193,936	332,906	360,168	470,025
Taleemi Wazaif (CCT)	3,863	20,485	40,575	59,716	75,774
Nashonuma Nutrition Food Cost	1,300	3,214	13,636	22,879	25,193
Administrative Expenditure	10,949	9,861	13,061	18,690	20,322
ERE (Establishment)	3,466	3,475	3,729	5,100	6,235
Administrative Cost Ratio[1]	5.64%	4.18%	3.17%	3.97%	3.43%

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20 October 2025 03:29:20 PM

[1] *Formula: Administrative Expenditure ÷ Total Programme Expenditure × 100*



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20 October 2026 03:20:20 PM

1. Financial Ratios

Total programme funds utilization increased by 205%, rising from Rs. 194,298 million in FY 2020-21 to Rs. 592,383 million in FY 2024-25, reflecting a major scale expansion in social protection coverage. The following financial indicators assess efficiency, sustainability, and strategic direction.

i. Administrative Cost Ratio

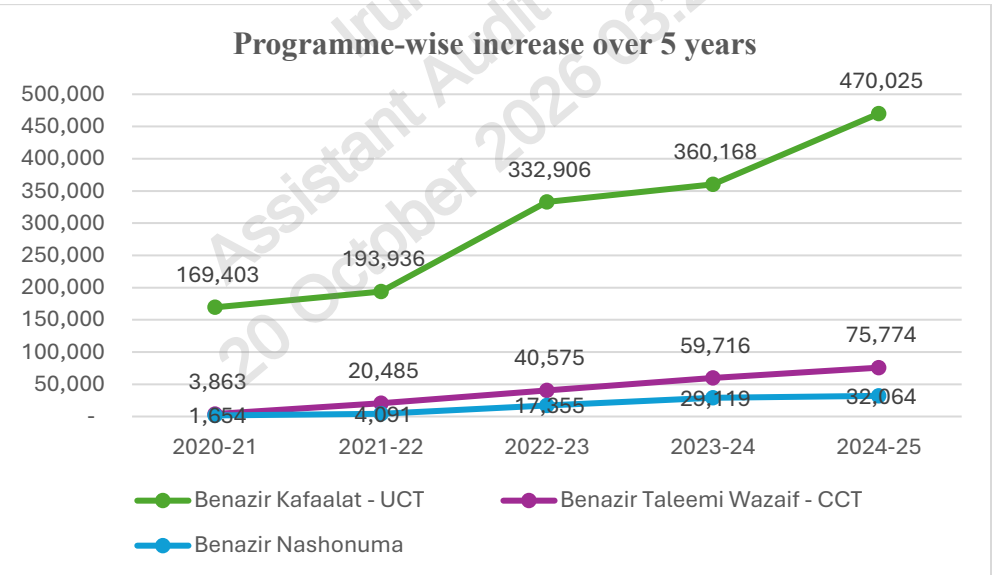
In FY 2024-25, 97.6% of total funds utilized was disbursed as direct beneficiary transfers, while administrative expenditure remained contained at 3.43% of total spending. Maintaining an Administrative Cost Ratio below 5% places the programme within the internationally recognized "excellent" efficiency threshold. Despite the 205% expansion in total expenditure over five years, administrative costs remained proportionately controlled, indicating economies of scale and operational efficiency gains.

However, this favorable efficiency indicator should not dilute the significance of HR and procurement irregularities identified during audit, which remain governance concerns irrespective of cost ratios.

ii. Strategic Programmatic Shifts

The Expenditure patterns indicate a gradual policy reorientation from predominantly unconditional cash transfers (UCT) toward expanded conditional cash transfers (CCTs) linked to education and nutrition outcomes.

- UCT allocations increased from Rs. 169,403 million to Rs. 470,025 million (increased by ≈ 2.77 times).
- Taleemi Wazaif (education CCT) rose from Rs. 3,863 million to Rs. 75,774 million (increased by ≈ 19.62 times).
- Nashonuma (nutrition CCT) increased from Rs. 1,664 million to Rs. 32,064 million (increased by ≈ 19.27 times).



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20 October 2026 03:20:20 PM

While UCT remains the dominant expenditure component, proportionate growth in CCTs has been significantly higher, reflecting a strategic shift toward human capital development alongside income

stabilization. A calibrated and gradual rebalancing toward CCTs could further strengthen long-term poverty reduction outcomes.

iii. Dependency ratio / Government of Pakistan versus foreign funding

The programme's funding structure exhibited marked volatility over the review period, reflecting shifting reliance on Foreign Assistance Projects (FAP):

Fiscal Year	FAP Share of Total Expenditure	Remarks
FY 2020-21	28.0%	Moderate external reliance
FY 2021-22	2.4%	Significant decline in foreign support
FY 2022-23	45.5%	Sharp spike, peak external dependency
FY 2023-24	12.6%	Gradual normalization
FY 2024-25	6.3%	Stabilized at low dependency level

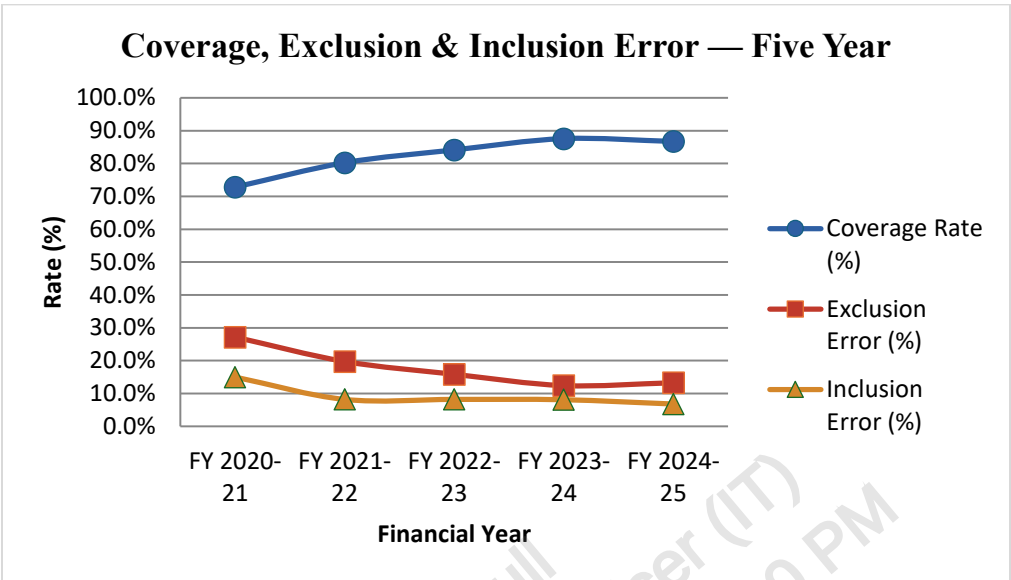
By FY 2024-25, domestic financing increased to 93.7% of total expenditure, demonstrating strengthened fiscal ownership and enhanced sustainability. The temporary spike in FY 2022-23 indicates exposure to external financing cycles, while the subsequent moderation reflects improved reliance on domestic resource mobilization.

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20 October 2025 03:20:00 PM

A. Performance Ratios

Three ratios were computed to assess programme performance across financial efficiency, targeting accuracy, transfer adequacy, distributional justice, and geographic equity.

Ratio	FY 2024-25	Benchmark	Status
Inclusion Error Rate	6.8%	< 5%	AMBER
Exclusion Error Rate	13.27%	< 10%	RED
Regional Coverage Equity	Balochistan: 74.2 Islamabad : 17.1 Azad Kashmir : 67.8	≥ 90	RED



i. Inclusion Error[2]

Inclusion error refers to erroneous enrollment of ineligible individuals into social welfare programs resulting in improper disbursement of benefits to those who do not qualify. Audit of BISP shows an estimated inclusion error of 692,597 beneficiaries (6.80% of 10,190,633 active cases), exceeding the international benchmark of 5% (World Bank/ILO standards). Ineligible cases arise from CNIC profiling gaps, non-application of Cabinet-approved exclusion criteria (government employees/pensioners, vehicles), multiple PMT scores, marital/gender discrepancies, and overage students.

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20 October 2025 03:20:20 PM

[2] Inclusion error was determined through ACL-based population analysis of 10,190,633 active beneficiaries, identifying ineligible cases via data matching with external records (government employees, vehicles, immigration) and exception testing of PMT, CNIC, and eligibility filters. Validated ineligible cases (692,597) were aggregated and divided by the total beneficiary population to compute the inclusion error rate of 6.8% under risk-based, ISSAI-compliant audit procedures.
Calculation: Numerator (from audit findings): CNIC profiling gaps: 601,850, Govt employees/pensioners: 12,078, Multiple PMT scores: 18,964, Wrong marital status: 7,020, Overage WeT students: 13,898, Vehicle filter failures (Islamabad sample × national factor): ~38,337 est. Gender misclassification: 450+ Total: ~692,597 Denominator (BISP data): 10,190,633 Result: 692,597 ÷ 10,190,633 × 100 = 6.8%

ii. Exclusion Error[3]

Exclusion error refers to the proportion of households that meet programme eligibility criteria but remain unenrolled, resulting in denial of intended benefits. Audit of BISP shows an exclusion rate of 13.27% in FY 2024-25 (5.56 million households unenrolled out of 11.75 million), exceeding the ILO benchmark of 10%. This highlights structural and outreach constraints requiring accelerated enrolment, improved targeting, and enhanced fiscal support. The World Bank projected poverty at 25.3% for 2023–24 (pre-HIES), expected to rise with HIES 2024–25 data integration. Under revised international lines, estimates range 40-45%, while Pakistan Institute of Development Economics notes inflation-driven spikes with potential moderation under stability. Both report a reversal of gains since 2018–19 due to shocks, uneven growth, and policy gaps. PIDE emphasizes domestic measurement and policy critique; the World Bank focuses on global benchmarks and resilience-oriented reforms.

iii. Regional Coverage Equity[4]

The primary objective of BISP is to mitigate poverty intensity; therefore, the effectiveness of the program is contingent upon how closely its beneficiary footprint maps to regional poverty profiles.

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20 October 2026 03:20:20 PM

[3] Exclusion error and provincial equity analysis were computed through secondary data analytics by reconciling estimated eligible households from Pakistan Bureau of Statistics HIES 2024 with enrolled household data obtained from Benazir Income Support Programme MIS for FY 2024–25. CAATs-based validation, population reconciliation, and ratio analysis were applied under ISSAI-compliant analytical procedures. Numerator: Estimated eligible households not enrolled = 11,750,000 − 10,190,633 = 1,559,367 Denominator: 11,750,000 estimated eligible households Calculation: 1,559,367 ÷ 11,750,000 × 100 = 13.27% Note: Exclusion error is the mathematical complement of the Coverage Rate gap. It represents every household that meets BISP eligibility criteria but has not been enrolled.

[4] Regional Coverage Equity was assessed through secondary data analytics by extracting active beneficiary data from Benazir Income Support Programme MIS and reconciling it with provincial population (PBS Census) and Multidimensional Poverty Index (MPI) data issued by Pakistan Bureau of Statistics.
Per-million coverage ratios were computed (Beneficiaries ÷ Population in millions) to standardize outreach, and the Equity Score was derived by normalizing provincial coverage against the national average (45,734) using the formula: (Province Per Million ÷ National Average) × 100
.

The following table presents a comparative analysis of Regional Coverage Equity, benchmarking actual beneficiary density against the Multidimensional Poverty Index (MPI) and population census data. This cross-sectional view identifies critical variances where institutional outreach may be lagging behind socioeconomic demand.

Province	BISP Active Beneficiaries	Population (PBS in million)	Per Million Population	Poverty Rate (MPI %)	Equity Score (Nat Avg=100)	Status
Punjab	4,772,377	110.012	43,381	31%	94.9	**GREEN**
Sindh	2,669,057	55.695	47,923	43%	104.8	**GREEN**
Khyber Pakhtunkhwa	1,995,846	35.525	56,181	49%	122.8	**GREEN**
Balochistan	505,716	14.895	33,952	71%	74.2	**RED**
Azad Jammu & Kashmir	125,410	4.045	31,004	21%	67.8	**RED**
Gilgit Baltistan	113,150	1.493	75,787	29%	165.7	**GREEN**
Islamabad	9,077	1.160	7,825	3%	17.1	**RED**
NATIONAL AVERAGE	**10,190,633**	**222.825**	**45,734**	—	**100.0**	**BASELINE**

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20 October 2026 03:20:20 PM

A performance audit of regional beneficiary distribution reveals a statistically significant misalignment between Multidimensional Poverty Index (MPI) intensity and program coverage. While core provinces (Punjab, Sindh, and Khyber Pakhtunkhwa) exhibit a distribution broadly consistent with the national baseline, a critical inverse targeting gap is observed in Balochistan. Despite exhibiting the federation's highest poverty rate at 71%, Balochistan's equity score of 74.2 confirms a substantial under-representation relative to its socioeconomic vulnerability.

Conversely, Gilgit-Baltistan reflects a disproportionate equity score of 165.7, suggesting over-representation that is not supported by its comparatively moderate poverty profile (29%). These disparities indicate that the current "static" registration model may be hindered by geographic barriers, connectivity issues, or institutional enrollment constraints in high-poverty, low-density regions.

2. AUDIT OBJECTIVES

The objectives of the compliance audit of the Benazir Income Support Programme (BISP) were to:

i. Evaluate Beneficiary Targeting and Eligibility Controls
ii. Verify Accuracy and Integrity of Beneficiary Data
iii. Review Fund Disbursement and Reconciliation Mechanisms
iv. Assess Procurement and Contract Management Practices
v. Examine Human Resource Management Compliance
vi. Evaluate ICT and Payment System Controls
vii. Assess Effectiveness of Internal Audit Function
viii. Review Governance and Oversight Arrangements
ix. Assess Compliance with Statutory Mandate
x. Assess Economy, Efficiency, and Effectiveness

3. AUDIT SCOPE

The compliance audit covered the operations and financial activities of the Benazir Income Support Programme (BISP) for the Financial Year 2024-25. The audit encompassed BISP Head Office (Programme Wing and ERE/Admin Wing), Zonal Offices at Lahore and Quetta, Regional Office Peshawar, and selected BISP-funded universities, including institutions located in Karachi and Jamshoro (Sindh), and Dow University of Health Sciences.

The scope of audit included examination of:

i. Utilization and management of funds;
ii. Beneficiary enrolment, profiling, and targeting mechanisms;
iii. Application of approved eligibility criteria and exclusion filters;
iv. Payment disbursement systems, including POS and digital payment channels;
v. Reconciliation processes with partner banks, Pakistan Post, and other implementing entities;

Assistant Audit Officer (IT)
20 October 2025 03:20:20 PM

vi. Procurement activities and contract management arrangements;

vii. Human resource management and compliance with applicable service rules;

viii. Internal control systems and effectiveness of internal audit functions;

ix. ICT controls and data validation mechanisms within BISP-MIS and NSER;

x. Coordination with partner organizations and compliance with constitutional, statutory, and regulatory requirements.

4. AUDIT METHODOLOGY

The audit was conducted in accordance with ISSAI standards, DAGP Auditing Standards, and the Financial Audit Manual (FAM), applying a risk-based approach to identify and focus on high-risk areas.

Key audit procedures included:

- **Data Analytics:** Collection and analysis of data using ACL-based techniques to identify anomalies in beneficiary records, PMT scores, CNIC data, and payment histories across the beneficiary population. Cross-matching of beneficiary data with government employment records, vehicle registration databases, and immigration records to detect potential ineligible beneficiaries.
- **Documentary Review:** Examination of selected documents and records at BISP Headquarters, zonal and regional offices, and partner universities, including procurement files, contract documents, payment records, reconciliation statements, and fraud complaint registers.
- **Field Verification:** Physical verification at 35 randomly selected schools across Punjab, Sindh, and Khyber Pakhtunkhwa to validate student enrolment, age, and eligibility under Waseela-e-Taleem and Taleemi Wazaif programmes.

Assistant Audit Officer (IT)
20 October 2026 03:20:20 PM

- **Interviews and Inquiries:** Interaction with BISP officials, field staff, partner representatives, and selected beneficiaries to obtain explanations, assess compliance, and evaluate service delivery effectiveness and beneficiary satisfaction.
- **Compliance Review:** Review of applicable laws, rules, regulations, policy guidelines, and partner agreements to assess compliance, consistency in implementation, and adequacy of governance arrangements.

The combination of analytical procedures, substantive testing, field verification, and compliance review provided reasonable assurance regarding the integrity of financial transactions, effectiveness of internal controls, and adherence to statutory and regulatory requirements. Owing to the extensive volume of transactions, the audit was conducted on a test-check basis using Computer-Assisted Audit Techniques (CAATs). Audit Command Language (ACL) was employed for large-scale data extraction, matching, and exception analysis, including cross-verification of beneficiary profiling and exclusion filters with external datasets. These datasets comprised government employee records obtained from the Controller General of Accounts, immigration and travel history data from the Bureau of Immigration and Overseas Employment, and vehicle registration data from the Islamabad Excise and Taxation Department.

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20 October 2025 05:20:20 PM

5. AUDIT FINDINGS

5.1 INTER-AGENCY DATA INTEGRATION

The audit identified that the absence of structured inter-agency data-sharing arrangements limited BISP's ability to conduct automated eligibility checks and effectively exclude ineligible households during FY 2024–25. Weaknesses in cross-matching with government employment records, travel history databases, vehicle registration systems, and parallel social protection programmes resulted in payments to ineligible beneficiaries.

These findings highlight systemic deficiencies in real-time data exchange, API integration, and enforcement of Federal Cabinet-approved eligibility criteria. The resulting control weaknesses led to irregular disbursements and exposed the programme to fiscal, governance, and reputational risks.

5.1.1 Non-Application of Foreign Travel Filter

The audit examination revealed that, during FY 2024-25, 261 spouses of Unconditional Cash Transfer (UCT) beneficiaries continued to receive payments despite having undertaken international travel to destinations outside the Middle East, Gulf countries, and South Asia. This resulted in irregular disbursements amounting to Rs. 13.041 million, in contravention of the Federal Cabinet decision dated 24 December 2019, which approved the exclusion of beneficiaries or their spouses from eligibility upon undertaking foreign travel.

BISP management submitted that the BISP Board, in its meeting held on 02 August 2023, had approved the removal of the foreign travel exclusion filter. It was, however, pointed out that a decision of the BISP Board cannot override or supersede a policy directive issued by the Federal Cabinet, which constitutes the superior executive authority in respect of the program's governing policy framework.

The Departmental Accounts Committee (DAC), in its meeting convened on 31 October 2025, directed BISP management to produce the minutes of the BISP Board meeting dated 02.08.2023 and to carry out field

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20 October 2026 03:20:20 PM

verification of the 261 identified cases to authenticate the instances of foreign travel and the resultant irregular payments.

{Finding 3 of AIR of BISP for the Audit Year 2025-26}

5.1.2 Payments to Government employees and pensioners

Audit examination revealed that, despite the enrolment of over 10 million beneficiaries under the UCT Programme during FY 2024-25, payments amounting to Rs. 515.712 million were made to 12,078 government employees and pensioners, or their spouses. These disbursements were in contravention of the Federal Cabinet's approval dated 24.12.2019, which explicitly excluded civil employees of the Federal and Provincial Governments, including their spouses, from eligibility under the programme.

Rs. in million

Status	Self/ Spouse	No. of beneficiaries	Grade Range	Total Amount
Active Government Employee	Self	673	1-16	25.20
-do-	Self	8	17	0.09
-do-	Spouse	9,124	1-16	402.80
-do	Spouse	87	17-20	2.54
Active Pensioner	Self	218	1-16	7.41
-do-	Self	22	17-18	0.70
-do-	Spouse	1,847	1-16	74.16
-do-	Spouse	107	17-20	2.81
Total		**12,078**		**515.71**

Irum Gul
Assistant Audit Officer (IT)
20 October 2026 05:20 PM

Management stated that data has been analyzed and recoveries will be effected through respective offices.

The DAC held on 31.10.2025 directed immediate blocking of beneficiaries and recovery of irregular payments.

{Finding 9 of AIR of BISP for the Audit Year 2025-26}

5.1.3 Assistance to beneficiaries' families owning vehicles above 800 CC

The audit test-check of 275,000 vehicles registered in Islamabad revealed that 1,719 beneficiaries owning motor vehicles exceeding the prescribed threshold continued to receive Unconditional Cash Transfer (UCT) payments during FY 2024-25. This resulted in irregular disbursements amounting to Rs. 69.744 million, in contravention of the Federal Cabinet decision dated 24 December 2019, which approved the exclusion of beneficiaries owning motor vehicles from program eligibility.

It was further noted that the 56th meeting of the BISP Board had modified the exclusion condition to apply only to vehicles with engine capacity above 800 CC or less than 10 years old.

Given that Islamabad represents only a limited portion of total national vehicle registrations, the potential scale of irregular payments nationwide may be substantially higher.

BISP management contended that the 57th meeting of the BISP Board had approved the removal of the vehicle ownership exclusion filter. However, a decision of the BISP Board cannot override or supersede a policy directive issued by the Federal Cabinet, which holds superior authority in respect of the program's policy framework.

The Departmental Accounts Committee (DAC) directed BISP management to undertake field verification of the identified 1,719 beneficiaries and to submit a detailed compliance report in the matter.

{Finding 4 of AIR of BISP for the Audit Year 2025-26}

Assistant Audit Officer (IT)
20 October 2026 03:20:20 PM

5.1.4 Duplicate Stipends – Overlap with Pakistan Bait-ul-Mal

The audit examination disclosed that, during FY 2024-25, 165 fully-sponsored Schools for Rehabilitation of Child Labour under Pakistan Bait-ul-Mal (PBM) were simultaneously enrolled as beneficiaries under the Benazir Taleemi Wazaif programme. This resulted in duplicate stipend payments amounting to Rs. 17.690 million, in contravention of the decision taken in the

60th meeting of the BISP Board, which explicitly directed measures to prevent duplication of benefits across social protection programmes.

The observed duplication highlights the absence of cross-programme API integration and structured data-sharing protocols between the Benazir Income Support Programme (BISP) and Pakistan Bait-ul-Mal.

BISP management stated that an API is under development to prevent future instances of such overlap between the two programmes.

The Departmental Accounts Committee (DAC) directed BISP management to execute a formal Memorandum of Understanding (MoU) with Pakistan Bait-ul-Mal to institutionalize data sharing and prevent duplication of benefits; and Submit an updated enrolment status report to the Audit authorities for verification.

{Finding 10 of AIR of BISP for the Audit Year 2025-26}

5.1.5 Enrolment of Government Employees as Students under Taleemi Wazaif

Audit analysis revealed that 278 government employees were enrolled as higher secondary students under the Taleemi Wazaif programme, resulting in conditional transfers amounting to Rs. 2.546 million to their mothers during FY 2024-25. These payments were made in violation of the Federal Cabinet's approval dated 24.12.2019, which excludes government employees and their spouses from programme benefits.

Management contended that children may pursue education alongside employment, subject to maintaining 70% attendance. However, the DAC directed physical verification to assess the feasibility of attending classes while serving as government employees, particularly during morning shifts.

Audit verification of 22 randomly selected schools across Punjab, Sindh, and Khyber Pakhtunkhwa revealed that all 23 sampled beneficiaries were either no longer enrolled or had already completed their studies, thereby confirming irregular disbursements.

{Finding 14 of AIR of BISP for the Audit Year 2025-26}

Assistant Audit Officer (IT)
Irum Gull
20 October 2026 03:20:20 PM

5.2 DATA INTEGRITY AND DIGITALIZATION

This section highlights material weaknesses in beneficiary profiling, eligibility screening, and data validation controls observed during the Audit Year 2025-26. The findings point to deficiencies in spouse CNIC records, PMT score controls, marital and gender classification, household composition checks, age validation under education conditionalities, and non-profiling of certain government employee categories.

These control gaps weakened enforcement of Cabinet-approved exclusion criteria and exposed the programme to risks of inclusion of ineligible beneficiaries and misallocation of public funds. The following paragraphs quantify the financial impact, summarize management responses, and record the directions of the Departmental Accounts Committee (DAC) for corrective action.

5.2.1 Compromised profiling due to spouse CNIC issues

The Audit observed material weaknesses in spouse data maintained in the BISP-MIS. Spouse CNICs were frequently missing, inaccurately recorded, or duplicated.

Data analysis revealed:

Particulars	Cases	Amount (Rs. million)
One spouse CNIC linked with up to seven female beneficiaries	5,598	239.035
Beneficiaries without spouse CNIC recorded	596,252	25,459.960
Total	**601,850**	**25,698.995**

These deficiencies significantly weakened profiling filters and undermined enforcement of the Cabinet-approved exclusion criteria, thereby creating a risk of continued disbursements to potentially ineligible households.

Departmental Accounts Committee (DAC) in its meeting held on 31.10.2025, directed BISP to obtain clarification from NADRA and to institute an independent verification mechanism for spouse relationships, rather than relying exclusively on NADRA profiling data.

{Finding 7 of AIR of BISP for the Audit Year 2025-26}

Assistant Audit Officer (IT)
20 October 2026 03:20:20 PM

5.2.2 Multiple PMT Scores against same Head of Household

Analysis of registry data revealed 97,179 instances where multiple Proxy Means Test (PMT) scores were recorded against identical Heads of Household within the restricted eligibility period. This control deficiency resulted in the irregular enrollment of 18,964 beneficiaries during Fiscal Year 2024–25, involving estimated misallocation of Rs. 533.536 million.

Management attributed the anomaly to system design limitations permitting the movement of Head of Household records. They further asserted that revised Standard Operating Procedures (SOPs), approved on 10 September 2025, had been issued to address the procedural gap. However, no documentary evidence was furnished to substantiate the implementation of purported corrective measures or the operationalization of revised protocols.

The Departmental Accounts Committee (DAC), in its meeting convened on 31 October 2025, directed management to submit the formally approved revised SOPs and/or policy documentation and to undertake joint verification of the complete dataset to assess targeting consistency and validate the integrity of beneficiary selection processes.

{Finding 17 of AIR of BISP for the Audit Year 2025-26}

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29 October 2026 03:20:30 PM

5.2.3 Wrong Marital Status

Audit examination revealed that during FY 2024-25, Rs. 104.734 million was disbursed to 7,020 women whose marital status had been incorrectly recorded as married since 2017. The 2023-24 Dynamic Survey subsequently confirmed that these beneficiaries were, in fact, unmarried. As eligibility under the UCT Programme is restricted to ever-married women holding valid CNICs, the payments were irregular and were later blocked upon correction of the data.

Management stated that the discrepancy originated from errors during the NADRA desk survey and was later rectified through updated registry records.

The DAC directed management to conduct a comprehensive inquiry to determine responsibility and to initiate recovery in all cases where ineligible payments were confirmed.

{Finding 13 of AIR of BISP for the Audit Year 2025-26}

5.2.4 Abnormally high married females in single household

Audit review of the Dynamic Registry identified statistically improbable instances where 5 to 10 married female beneficiaries were enrolled under a single household. During FY 2024-25, this anomaly resulted in payments of Rs. 17.374 million.

The issue indicates absence of anomaly thresholds and exception-based validation controls within the system.

Management stated that enrolment is based on NADRA-verified family linkages without prescribed caps.

The DAC directed that 10–15% of identified cases be subjected to representative random field verification and verification reports furnished to Audit.

{Finding 30 of AIR of BISP for the Audit Year 2025-26}

5.2.5 UCT payments to male beneficiaries due to gender misclassification

The audit examination disclosed that, during FY 2022–24, more than 450 male beneficiaries continued to receive Unconditional Cash Transfer (UCT) payments totaling Rs. 7.641 million. This constituted a material irregularity, as the UCT Payment Manual explicitly stipulates that only ever-married women aged 18 years or above holding valid Computerized National Identity Cards (CNICs) are eligible for enrolment and receipt of benefits under the programme.

The irregularity primarily resulted from incorrect gender records initially captured in the NADRA database, compounded by the absence of effective

Assistant Audit Officer (IT)
20 October 2026 03:20:20 PM

reconciliation and validation controls within the Benazir Income Support Programme (BISP) system prior to disbursement of funds.

BISP management explained that these beneficiaries were erroneously recorded as female during the NADRA desk survey process. The gender discrepancies were subsequently identified and corrected to male in the updated dynamic registry.

The Departmental Accounts Committee (DAC) directed BISP management to conduct verification of the concerned beneficiaries to confirm their current status and eligibility and initiate recovery proceedings in respect of all irregular payments established as having been made to ineligible (male) beneficiaries.

{Finding 6 of AIR of BISP for the Audit Year 2025-26}

5.2.6 Non-Profiling of Defence Employees and Pensioners Leading to Eligibility Gaps

The audit review highlighted that profiling of employees and pensioners paid from the Defence Estimates could not be performed due to the non-availability of requisite data and the absence of any structured data-sharing mechanism with the Ministry of Defence.

As per the Federal Cabinet decision dated 24 December 2019, civil employees of the Federal and Provincial Governments, including their spouses, are to be excluded from eligibility under the Benazir Income Support Programme (BISP). However, owing to the unavailability of Defence-related employment data, this category has not been subjected to automated eligibility screening and validation.

BISP management reported that integration of data pertaining to non-Defence civilian employees is currently in progress through API linkages. It was further stated that the matter has been formally taken up with the Ministry of Defence for provision of the required data.

Assistant Audit Officer (IT)
Irum Gull
20 October 2025 03:20:20 PM

The Departmental Accounts Committee (DAC) directed BISP management to obtain, in the first phase, data relating to civilian employees and pensioners paid from the Defence Estimates from the Military Accountant General; and to pursue this exercise under intimation to the Audit authorities.

{Finding 33 of AIR of BISP for the Audit Year 2025-26}

5.2.7 Overage students under WeT

The audit examination revealed that, during FY 2024-25, 13,898 overaged students were enrolled under the Benazir Taleemi Wazaif (Waseela-e-Taleem) programme, resulting in irregular conditional cash transfers amounting to Rs. 69.859 million. This enrollment was in clear contravention of the age eligibility criteria prescribed in the Waseela-e-Taleem Operational Manual, which stipulates an age limit of 4–12 years for the Primary level (Classes 0–5) and 8–18 years for the Secondary level (Classes 6–10). Details are as follows:

Level of Education	Prescribed Age	No. of Overaged Students Enrolled	Identified Age	Irregular Amount Disbursed (Rs. in million)
Primary (Class 0–5)	4-12	12,347	13-16	59.271
Secondary (Class 6–10)	8-18	1,551	19-23	10.588
Total		**13,898**		**69.859**

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20 October 2026 03:20:20 PM

Management replied that students were eligible at time of enrolment. However, physical verification at 35 randomly selected schools across Punjab, Sindh, and Khyber Pakhtunkhwa confirmed that none of the sampled beneficiaries met age eligibility criteria.

The DAC directed submission of attendance sheets from representative random samples for verification.

{Finding 8 of AIR of BISP for the Audit Year 2025-26}

5.3 FINANCIAL MANAGEMENT

Significant deficiencies were noted in the management of public funds. Undisbursed amounts and unresolved fraud cases with partner banks remained outstanding, while unauthorized withdrawals from Higher Education Institution accounts and incomplete reconciliations exposed public resources to financial loss. Delays in monitoring and enforcement further compounded the risk of misallocation and misuse of funds. These deficiencies expose public funds to risk of loss, weaken fiduciary oversight, and undermine financial accountability within the Programme.

5.3.1 Non-recovery of undisbursed amounts from Pakistan Post

Audit observed that Rs. 971.090 million relating to undisbursed UCT and CCT payments has remained with Pakistan Post since 2018 due to pending reconciliation. The prolonged retention of undisbursed funds outside designated programme accounts represents weak financial control and risk of misstatement.

Management stated that reconciliation for 2008-09 to 2017-18 has been completed, while reconciliation for 2018-19 and 2019-20 is under review; the tentative recoverable amount has been revised to Rs. 651 million.

The DAC in its meeting held on 31.10.2025 directed completion of reconciliation within six months, with assistance of the Chartered Accounting firm engaged by BISP, and submission of recovery status to Audit.

{Finding 15 of AIR of BISP for the Audit Year 2025-26}

5.3.2 Unauthorized withdrawals from HEI Accounts

As per sub-agreement between HEC and the universities, funds obligated by BISP were to be maintained in dedicated accounts and used solely for scholarship purposes, with unutilized funds and profits remitted to the Government Treasury.

The audit examination revealed that five participating universities irregularly withdrew and transferred a total of Rs. 130.46 million of BISP scholarship funds to unidentified or unknown accounts without any supporting

Assistant Audit Officer (IT)
20 October 2026 03:20:20 PM

evidence of subsequent utilization or disbursement for legitimate scholarship purposes. Details are as under:

Sr. No.	Name of university	Date	Cheque No. / Account No.	Amount in million	Remarks
1	Abdul Wali Khan University Mardan	29.01.25	15382688	38.12	Transfer to unknown account
2	University of Kotli	05.09.24	4167476733	49.51	Unknown withdrawal
3	University of Sahiwal	23.05.25	34831473	1.12	Transfer to unknown account
4	Women University of AJK Bagh	26.07.24	13538362	32.40	Unknown withdrawal
5	Islamia College Peshawar	10.05.25	3006559157	9.31	Transfer to unknown account No. PKR174010001037
			Total	**130.46**	

The irregularity reflects weak internal controls, inadequate oversight by HEC, and negligence by university management, resulting in unauthorized diversion of public funds and heightened fraud risk.

The DAC (31.10.2025) directed concerned universities to submit clarifications and produce records before Audit within one month.

{Finding 28 of AIR of BISP for the Audit Year 2025-26}

5.3.3 Non-recovery of embezzled amounts by partner banks

The agreement with partner banks requires prompt investigation and reimbursement in cases of fraudulent activity.

Audit observed that 8,907 embezzlement complaints remained unresolved at close of audit, involving Rs. 39.685 million which indicates weak enforcement of contractual clauses and insufficient monitoring by BISP. Details are as follows.

Irum Gul
Assistant Audit Officer (IT)
20 October 2026 03:20:20 PM

Sr. No.	Bank Name	No. of Complaints	Amount defrauded
1	Bank of Punjab	962	4,380,230
2	Bank Alfalah Limited	1,478	5,028,600
3	Habib Bank Limited	4,000	19,526,219
4	Habib Metropolitan Bank	397	2,971,750
5	Mobilink Microfinance Bank Limited	1,373	4,230,300
6	Tameer Microfinance Bank Limited	697	3,548,100
	Total	**8,907**	**39,685,199**

Management stated that most complaints were resolved onsite and updated recovery data has been shared with Field Offices for verification, after which the PCMS will be updated and shared with Audit.

The DAC directed priority updating of recovery status on PCMS and active pursuit of remaining recoveries.

{Finding 16 of AIR of BISP for the Audit Year 2025-26}

5.3.4 Non-compliance with BUSP Income Eligibility criteria

The revised Operations and Payment Manual of the BISP Undergraduate Scholarship Programme (BUSP) restricts eligibility to households with income not exceeding PKR 45,000 per month, supported by documented proof.

Audit of records at University of Karachi revealed that 47 students were awarded scholarships totaling Rs. 21.643 million in violation of income criteria:

Category	Students	Amount (Rs. million)
Income above threshold / dependents of govt servants	31	13.451
No valid income proof	16	8.192

Management has not provided a response, and no DAC meeting has been convened to address this matter to date.

{Finding 9 of AIR of BISP for the Audit Year 2025-26}

Assistant Audit Officer (IT)
20 October 2026 03:20:20 PM

5.3.5 Non-reconciliation and clearance of liabilities with old partner banks (HBL and Bank Alfalah

Audit observed that agreements with Habib Bank Limited and Bank Alfalah Limited were terminated on 30.06.2024, with Rs. 15.610 billion deposited into the Government Treasury. However, final reconciliation of LMA-I and LMA-II accounts was not completed, and the deposited challans were not duly verified. This contravenes Para 36 of the General Conditions of Contract and Para 1.4.2 of the partner bank agreements, which require reconciliation and clearance of all liabilities upon termination of contracts.

Management stated that internal reconciliation is currently underway; however, this represents only a baseline exercise, and the final outcome will be subject to the findings of a third-party audit. To conduct complete fund and beneficiary-level reconciliation with HBL and BAFL under the recently concluded contracts, a CA/CMA firm is being engaged. A draft RFP has been prepared, and the procurement process will be initiated shortly in accordance with PPRA rules.

The DAC directed that the reconciliation be completed within six months with the support of a Chartered Accounting firm, and that the reconciled accounts be submitted to Audit.

{Finding 18 of AIR of BISP for the Audit Year 2025-26}

5.3.6 Non/Less Utilization of Poverty Graduation and Hybrid Social Protection Funds

BISP's mandate extends beyond cash transfers to include poverty graduation and hybrid social protection initiatives designed to enable beneficiaries to transition out of dependency.

Audit observed that Rs. 1,794.436 million allocated for these programmes remained unutilized or significantly underutilized during FY 2024–25. This under-execution reflects weaknesses in programme planning and implementation oversight, thereby depriving beneficiaries of the intended transformative support.

Irum Gul
Assistant Audit Officer (IT)
20 October 2026 03:20:20 PM

Management stated that revised timelines have been set, targeting programme achievement by 2027.

The DAC directed the submission of the revised timelines and mandated verification by Audit.

{Finding 5 of AIR of BISP for the Audit Year 2025-26}

5.4 PROCUREMENT

Audit examination of procurement and asset disposal processes at BISP Headquarters and selected field formations revealed weaknesses affecting economy, transparency, and compliance with the Public Procurement Regulatory Authority (PPRA) framework and General Financial Rules.

Key issues included avoidable financial loss due to re-tendering, non-adherence to mandatory e-procurement systems, delays and deficiencies in bid management, and cash payments to vendors in violation of prescribed financial procedures.

Assistant Audit Officer (IT)
20 October 2026 06:20:20 PM
Irum Gul

5.4.1 Non-execution of contract with M/s Tech-access resulted in loss to BISP

Audit observed that BISP initially approved a contract with M/s Techaccess Pakistan (Pvt.) Ltd for Oracle Exadata support at Rs. 262.82 million. However, the contract was not executed and was subsequently cancelled. After a lapse of approximately 1.5 years, a fresh contract was awarded to M/s Ora-Tech Systems (Pvt.) Ltd at Rs. 357.36 million, resulting in avoidable excess expenditure of Rs. 94.54 million.

Particulars	**Amount (Rs. million)**
Initial approved bid (Techaccess)	262.82
Subsequent awarded bid (Ora-Tech)	357.36
Excess expenditure	**94.54**

Management stated that M/s Techaccess demanded upfront payment contrary to PPRA rules, necessitating re-tendering. Audit noted that such non-compliant conditions should have been identified and addressed during the evaluation stage to avoid delay and financial loss.

The DAC directed management to provide documentary evidence regarding cancellation of the earlier bidding process and details of any upfront payment demands.

{Finding 1 of AIR of BISP Admin/HR for the Audit Year 2025-26}

5.4.2 Auction of Official Vehicles Without Using Mandatory e-PADS System

The audit examination at the BISP Regional Office Peshawar disclosed that official vehicles were disposed of through auction without using the mandatory Electronic Public Asset Disposal System (e-PADS). The disposal was carried out using conventional (manual/offline) auction methods, in contravention of the applicable regulatory framework.

The mandatory use of e-PADS is intended to ensure transparency, competitive bidding, realization of fair market value, and the maintenance of a complete, verifiable audit trail.

The non-utilization of the e-PADS system compromises the principles of transparency, accountability, and procedural integrity in the disposal of public assets, irrespective of any other measures purportedly adopted during the conventional process.

{Finding 13 of AIR of BISP Regional Office, Peshawar for the Audit Year 2025-26}

5.4.3 Irregular cash payments to vendors

Benazir Income Support Programme (BISP) disbursed payments amounting to Rs.2,141,845 to various vendors/suppliers on account of office stationery, grocery items, and repair & maintenance services through petty cash and without following PPRA rules.

Management stated that cash payments were made for operational convenience; however, administrative convenience does not justify non-compliance with financial regulations.

The DAC directed immediate discontinuation of cash payments above prescribed limits and strict adherence to banking channel requirements.

{Finding 8 of AIR of BISP Admin/HR for the Audit Year 2025-26}

Assistant Audit Officer (IT)
20 October 2026 03:20:20 PM

5.5 CONSTITUTIONAL AND GOVERNANCE LAPSES

Audit examination identified constitutional and governance weaknesses affecting oversight, accountability, and compliance with the constitutional mandate of public sector audit. The omissions observed created audit gaps and weakened transparency over utilization of funds drawn from the Federal Consolidated Fund.

5.5.1 Constitutional breach due to omission of Audit Clause in multi-billion agreements with UNICEF and WHO

BISP entered into agreements with UNICEF and WHO for nutrition-related initiatives, including supply of Ready-to-Use Therapeutic Food (RUTF) for Severe Acute Malnutrition (SAM), Multiple Micronutrient Supplements (MMS), establishment of Nutrition Stabilization Centers, and capacity building of staff for breastfeeding education. The total project costs amounted to Rs. 5.060 billion for UNICEF and Rs. 2.403 billion for WHO, with BISP contributing Rs. 3.390 billion (67%) and Rs. 1.754 billion (73%) respectively.

Audit observed that despite BISP's multibillion-rupee funding from the Federal Consolidated Fund, the agreements lacked a provision for audit by the Auditor General of Pakistan, constituting a constitutional lapse.

Management agrees with the observation and affirms that all future agreements involving public funds will explicitly include a clause pertaining to External Audit.

The DAC in its meeting held on 31.10.2025 directed that an addendum to the agreements with UNICEF and WHO, incorporating a provision for external audit by the Auditor General of Pakistan to ensure constitutional compliance, be made. The DAC further instructed that the duly signed addendum be shared with Audit for verification.

{Finding 12 of AIR of BISP for the Audit Year 2025-26}

Irum Gull
Assistant Audit Officer (IT)
20 October 2025 03:20:20 PM

5.5.2 Hiring of Audit Firms Without Obtaining Consent from AGP

Pursuant to established practice and the constitutional mandate of the Auditor General, public sector entities are required to obtain AGP's prior consent before engaging private audit firms. Audit observed that BISP hired audit firms for internal audit purposes without obtaining the requisite consent from the Auditor General of Pakistan, undermining the AGP's oversight authority and the independence of the audit process.

Management stated that the hiring was done to strengthen internal controls; however, this does not justify non-compliance with the requirement for AGP consent.

DAC directed BISP to seek AGP consent for all future audit firm engagements and to regularize existing arrangements.

{Finding 27 of AIR of BISP Admin/HR for the Audit Year 2025-26}

Irum Gul
Assistant Audit Officer (IT)
20 October 2026 03:20:20 PM

6. CONCLUSIONS

The audit of the Benazir Income Support Programme (BISP) for FY 2024-25 revealed significant systemic weaknesses affecting the integrity, targeting, and financial management of the Programme. Key deficiencies were observed in beneficiary profiling, data integration, data validation, application of exclusion filters, and reconciliation of disbursed and undisbursed payments. Multiple irregularities were identified, including incorrect or duplicate spouse CNICs, payment to ineligible beneficiaries (such as unmarried women, government employees, pensioners, and overaged students), irregular disbursement due to vehicle ownership or foreign travel, and duplication of educational stipends.

Additionally, lapses were noted in financial management, including non-recovery of undisbursed or embezzled amounts, irregular withdrawals from university accounts, and delays in reconciling LMA accounts with partner banks. Contract governance was also weak, leading to avoidable financial loss,

while constitutional audit provisions were overlooked in agreements with multilateral organizations

The recurrence of similar irregularities across multiple audit years (2019-20 through 2024-25) indicates a need for structural reforms and strengthened oversight.

Overall, while BISP has achieved substantial operational growth and systemic improvements, consolidation of governance, compliance, and control mechanisms is necessary to enhance programme credibility, transparency, and long-term sustainability.

7. RECOMMENDATIONS

Based on the findings of the Programme Audit for FY 2024-25, the following recommendations are proposed to strengthen governance, enhance operational efficiency, and safeguard public funds

7.1 Inter-agency Data Integration

1. **Strengthen Cross-Programme Coordination:** Integrate BISP beneficiary data with other social protection programmes to avoid duplication and ensure efficient targeting of resources.
2. **Strengthen NSER and BISP-MIS Controls:** Implement robust automated validation checks, real-time exception reporting, and cross-verification mechanisms with NADRA and other relevant databases (government employees, pensions, immigration, vehicle registration).
3. **Apply Eligibility Filters Consistently:** Ensure foreign travel, vehicle ownership, gender, and age filters are correctly enforced across all beneficiaries, with periodic audits to validate compliance.

7.2 Data Integrity and Digitalization

1. **Improve Beneficiary Profiling:** Establish independent mechanisms for verification of spouse relationships, marital status, and household composition to minimize inclusion/exclusion errors.

Asstt. Audit Officer (IT)
20 October 2026 03:20:20 PM

2. **Regular Field Verification:** Conduct systematic random verification of enrolled beneficiaries, particularly for conditional programmes (WeT, Taleemi Wazaif), to confirm eligibility and reduce fraud exposure.

7.3 Financial Management

1. **Timely Reconciliation and Recovery:** Complete reconciliation of accounts with Pakistan Post and partner banks within stipulated timelines and actively pursue recovery of embezzled or undisbursed funds.

2. **Control over HEI Accounts and Scholarships:** Strengthen oversight of fund utilization by universities and ensure compliance with scholarship eligibility criteria.

3. **Effective Use of Poverty Graduation Funds:** Implement monitoring and reporting frameworks to ensure allocated funds for poverty graduation and hybrid social protection programmes are fully utilized according to approved timelines.

7.4 Procurement and Asset Management

1. **Enhance Procurement Compliance:** Ensure all procurement is conducted through PPRA-compliant procedures, with proper bid evaluation, contract management, and use of the e-PADS system for asset disposal.

2. **Eliminate Cash Payments:** Mandate payments to vendors through banking channels only and strictly enforce financial rules to ensure transparency and auditability.

3. **Prevent Financial Loss due to Re-Tendering:** Strengthen evaluation controls to identify non-compliant bids and conditions prior to contract award, minimizing avoidable expenditure.

Irum Gull
Assistant Audit Officer (IT)
20 October 2026 03:20:20 PM

7.5 Constitutional and Governance Compliance

1. **Audit Clause in Agreements:** Include mandatory external audit clauses in all agreements involving public funds to ensure constitutional compliance under Articles 169 and 170.
2. **Engagement of Audit Firms:** Obtain prior consent from the Auditor General of Pakistan before hiring private audit firms, in line with constitutional and regulatory requirements.

These recommendations aim to consolidate BISP's operational, financial, and governance frameworks, enhance accountability, and ensure that public resources are utilized efficiently, transparently, and exclusively for the benefit of eligible beneficiaries

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20 October 2026 03:20:20 PM