

Government of Pakistan
Poverty Alleviation and Social Safety Division
Press Release

Ehsaas shifts to accrual accounting system

September 15, 2020 - Islamabad: Under the overarching Ehsaas framework, BISP becomes the first organization in the social sector institutions of the government to adopt modern and efficient way of maintaining its financials on International Public Sector Accounting Standards (IPSAS) Accrual basis. In line with the Ehsaas Governance and Integrity Policy that is binding on the Poverty Alleviation and Social Safety Division (PASSD) and its ancillary organizations, books of accounts within BISP are being shifted from legacy cash to accrual basis.

Adopting accrual accounting for financial reporting is intended to further the credibility and resilience of public finances and helps to unlock the benefits of programme's assets. This will also guide the policy making stakeholders to better evaluate performance of the Ehsaas programme in terms of the cost of services, effectiveness, and accomplishments. Alongside, it will set a clear direction around how successful it is in managing its resources, rationalizing expenditures, and providing an accurate view of the financial statements, which enables comparison and financial analysis.

Commenting on this institutional reform, SAPM Dr. Sania Nishtar said, "Sitting under the umbrella of Ehsaas, BISP has successfully launched first phase of transition to accrual accounting for improving financial planning and management in accordance with best international practices." Continuing, she said, "This systematic transition will pave the way to ensuring rule-based control on the use of public resources. It will deliver true performance measurement of the programme in accordance with the best international standards."

This major shift in the accounting systems is taking place during the current year in collaboration with partnering Chartered Accountant Firm. Besides, BISP is intending to use ERP platforms in future, for integrated financial management system.

Understanding the entity's operations and the types of transactions which flow through an entity is key to understanding the potential impact of accrual accounting. By determining the types of inherent transactions along with the associated data flows, policies, and processes to account for those transactions on an accrual basis can be drawn up and integrated into the entity's financial management and reporting procedures. This information also highlights those areas where, perhaps, significant change will be required and gives some idea of the impact of that change.