



**Pakistan Institute  
of Public Finance Accountants**

# **Model Solutions**

**Introduction to Social Safety  
Net Auditing**

**AGP**

**Winter Exam-2025**

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**Q.1.** An EOBI fund is a compulsory, government-run social insurance fund in Pakistan for private-sector employees, established by the Employees' Old-Age Benefits Institution (EOBI) to provide financial benefits like pensions to retirees, their invalid family members, or survivors after the employee's death. Employers and employees both contribute to the fund, which is then invested in low-risk assets to generate income for pension payments.

**Mandatory Contributions:** Employers and employees make mandatory contributions to the EOBI fund, ensuring a broad base of support for the social security system.

**Investment:** The collected funds are invested, primarily in low-risk government securities, to generate returns that contribute to the overall fund.

**Disbursement of Benefits:** The EOBI disburses benefits to eligible individuals.

Who is Covered?

The EOBI Act applies to organizations with five or more employees, covering most private sector industries, though some government and statutory employees are excluded.

Types of Benefits

EOBI provides various benefits to its registered members:

**Old-Age Pension:** A monthly income provided to employees after they reach retirement age.

**Invalidity Pension:** Benefits paid to an employee who becomes completely disabled.

**Survivor's Pension:** Benefits for the family of a deceased EOBI member.

**Old-Age Grant:** A lump-sum payment given to insured individuals who reach retirement age but don't meet the minimum requirements for a pension.

**Q.2.** The BISP (Benazir Income Support Programme) poverty score, known as the Poverty Means Test (PMT) score, is a crucial metric for determining eligibility for financial assistance. Households with a PMT score of 16.17 or lower are eligible for BISP payments, while scores above this threshold generally make a household ineligible. The score is determined by a comprehensive survey that assesses a household's poverty risk based on various factors, including assets, education, household size, and consumption patterns.

Understanding the PMT Score and Eligibility

**Eligibility Threshold:**

A household's BISP PMT score must be 16.17 or lower to be considered eligible for payments under the BISP Kafaalat program.

**What the Score Represents:**

The PMT score is a calculated value derived from the National Socio-Economic Registry (NSER) survey. This survey collects data on household characteristics and socioeconomic indicators to assess poverty.

**Determining Factors:**

The score reflects a household's poverty risk by measuring indicators such as:

Education levels

Household size and composition

Residence and housing type

Household assets

Transport assets

Consumption of goods like meat and sweets

How to Get Your BISP PMT Score

You can check your score and eligibility status through the following methods:

**8171 portal:** Visit the official BISP 8171 portal online.

**SMS:** Send an SMS to 8171, according to some sources.

**Visit a BISP Office:** Go to the nearest BISP Tehsil office and inquire about your PMT score and survey status.



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Other Important Eligibility Criteria

Beyond the PMT score, other factors determine eligibility:

**Female Beneficiary:** There must be a female beneficiary in the household.

**Valid CNIC:** The female beneficiary must hold a computerised national identification card (CNIC) issued by NADRA.

**Dynamic Registration:** For those in the BISP registry, you may be asked to participate in a dynamic survey to update your information and ensure continued eligibility

**Q.3.** Zakat holds significance as one of Islam's five pillars, a mandatory act of worship and charity that purifies wealth, fosters empathy, and promotes social justice by redistributing wealth to the poor and needy. Its key aspects include spiritual growth, self-discipline, the cultivation of generosity, the reduction of inequality and poverty, and the strengthening of community bonds through a shared responsibility for others' well-being.

Spiritual and Personal Significance

- **Purification:**

Zakat purifies both wealth and the soul, cleansing one's heart of greed and self-centeredness.

- **Obedience to Allah:**

It is an act of obedience to God, demonstrating a Muslim's acknowledgement that all wealth belongs to Him.

- **Spiritual Growth:**

Zakat provides a path for spiritual development and self-improvement, fostering empathy, compassion, and gratitude.

Social and Economic Significance

- **Poverty Alleviation:**

Zakat serves as a safety net, providing essential support to the poor, needy, and vulnerable, thus improving their standard of living.

- **Wealth Redistribution:**

It is a means of redistributing wealth, ensuring that wealth is not solely concentrated in the hands of the rich but shared with those less fortunate.

- **Community Solidarity:**

The act of giving fosters unity, empathy, and social responsibility, creating more cohesive and supportive communities.

- **Economic Stability:**

By alleviating poverty and addressing financial hardship, Zakat contributes to greater economic stability and resilience within society.

Religious Context

- **Pillar of Islam:**

Zakat is a mandatory pillar of Islam, alongside the declaration of faith, prayer, fasting, and pilgrimage.

- **Religious Obligation:**

It is an obligatory tax on every Muslim who meets a certain threshold of wealth (Nisab), ensuring it is paid to those in need.



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**Q.4** PWWF provides a holistic package of services to industrial workers, which includes provision of Marriage Grants, Death Grants, Talent Scholarships, establishment & maintenance of Labour Colonies and establishment & operations of Workers Welfare Schools in various districts of Punjab.

The Workers Welfare Fund (WWF) was established in Pakistan under the Workers Welfare Fund Ordinance, 1971 to provide financial assistance and welfare facilities, including housing, education, and health services, for industrial workers and their dependents. The Fund is financed by contributions from industrial establishments, primarily a percentage of their income, and is governed by tripartite bodies representing the government, employers, and workers to ensure its funds are spent judiciously and transparently on worker welfare initiatives.

Purpose of the Workers Welfare Fund

**Provision of Facilities:**

To provide essential amenities like low-cost housing, educational institutions, and health facilities for industrial workers.

**Financial Support:**

To offer financial grants, scholarships, and death benefits to workers and their families.

**Development Projects:**

To fund the construction of housing estates and the development of plots for workers.

**Overall Worker Welfare:**

To enhance the overall well-being and social security of industrial workers and their dependents.

How it Works

**Funding:**

Industrial establishments are required to contribute a certain percentage of their income to the Fund.

**Governance:**

The WWF is overseen by a tripartite body representing the government, employers, and workers, ensuring transparency and fairness in the distribution of grants and services.

**Provincial Implementation:**

While there is a federal WWF, individual provinces, such as Sindh and Punjab, have also established their own Workers Welfare Funds and Boards to carry out similar welfare functions within their respective regions.

**The Eight categories of people eligible for Zakat payment :**

The destitute (al-Fuqara'a).

The poor (al-Masakin).

Those collecting it (al-'amilina 'alaiha).

**Q.5.** Softened hearted (al-mu'allafat qulubuhum).

In manumission (fi 'l-riqab).

Those in debt (al-Gharimin).

In God's path (fi sabilillah).

The wayfarer (Ibn 'l-sabil).



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**Q.6.** Here is the complete details of what is the difference between these two post-retirement funds:  
EOBI Pension Funds:

The Employees' Old-Age Benefits Institution (EOBI) pension funds are a government-managed scheme in Pakistan designed to provide financial support to employees after retirement. EOBI contributions are mandatory for both employers and employees, with the primary goal of ensuring a steady income for retirees.

The EOBI pension is paid monthly to eligible retirees, providing them with a reliable source of income. This scheme also covers survivors' pensions, invalidity pensions, and old-age grants, making it a comprehensive support system for post-retirement financial security.

The amount of pension is determined based on the number of contributions made by the employee during their working years and the average wages on which these contributions were made.

#### Provident Funds

Provident funds, on the other hand, are savings schemes often managed by employers or private institutions. Contributions to provident funds are usually a percentage of an employee's salary, with both the employee and employer making contributions.

The accumulated fund, along with interest, is paid out to the employee upon retirement, resignation, or under specific conditions such as medical emergencies or housing needs.

Provident funds are more flexible compared to EOBI funds as employees can often choose to make additional voluntary contributions and, in some cases, can even access part of their savings before retirement. This lump-sum payout can be a significant amount, aiding in substantial post-retirement expenses or investments.

#### Key Differences

The primary difference between EOBI pension funds and provident funds lies in their structure and payout mechanisms. EOBI pension funds provide a fixed monthly income post-retirement, ensuring continuous financial support, whereas provident funds offer a lump-sum payout, giving retirees more control over how they use their savings.

Additionally, EOBI is a government-mandated scheme with mandatory contributions, whereas provident funds can vary based on employer policies and often allow for voluntary contributions. This distinction affects the way employees plan their retirement savings and manage their finances post-retirement, with EOBI funds focusing on long-term income stability and provident funds offering flexibility and immediate access to substantial funds..

**Q.7.** The BISP was launched in the year 2008.

The main objectives of the Benazir Income Support Programme (BISP) are to eradicate poverty, enhance the financial capacity of poor families, empower women, and promote equitable wealth distribution in Pakistan. It aims to provide a safety net by delivering cash transfers to vulnerable households, thereby cushioning them against economic shocks and improving their overall standard of living, ultimately working towards the United Nations' Sustainable Development Goals.

#### Specific Objectives:

##### **Poverty Alleviation:**

BISP's primary goal is to reduce and eradicate extreme poverty in Pakistan by providing targeted cash relief to the poorest and most vulnerable families.

##### **Consumption Smoothing:**

The program seeks to help families manage the adverse effects of slow economic growth and economic shocks, like food and financial crises, by providing a stable income source.

##### **Women's Empowerment:**

A core objective is to uplift underprivileged women and empower them by ensuring they are the primary beneficiaries of the cash transfers and other services.



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**Financial Enhancement:**

By providing cash, BISP aims to enhance the financial capacity of poor people and their dependent family members.

**Equitable Distribution:**

The program contributes to meeting the country's redistributive goals by ensuring a minimum income support package reaches those most in need.

**Supporting Social Development Goals:**

BISP contributes to achieving long-term objectives, including those set out in the United Nations Sustainable Development Goals (SDGs), particularly regarding poverty eradication and women's empowerment.

**Q.8.** The Overseas Pakistanis Foundation (OPF) was created in 1979 to address the welfare, housing, education, and practical needs of Pakistanis working abroad and their families in Pakistan. It was formed under the Emigration Ordinance of 1979 and operates as a public sector company to provide social support and economic benefits to the Pakistani diaspora, recognizing their significant contribution to the country's economy.

Key Reasons for OPF's Creation

**Welfare of Overseas Pakistanis:**

To identify and solve problems faced by Pakistanis living and working abroad and their dependents.

**Economic Contribution:**

To support the significant economic role of overseas Pakistanis by ensuring their welfare and facilitating their involvement in Pakistan's development.

**Housing and Rehabilitation:**

To provide housing schemes and other facilities for returning overseas workers to aid their rehabilitation in Pakistan.

**Education and Training:**

To establish and support vocational training and educational institutions, including scholarships, to improve the skills and future prospects of overseas Pakistanis and their families.

**Practical Assistance:**

To offer practical solutions and support for the needs of the Pakistani diaspora, such as managing crises, providing death and disability grants, and resolving property disputes.

How OPF Achieves These Goals

**Housing Schemes:**

Developing housing projects in various cities for overseas workers.

**Educational Institutions:**

Establishing schools and colleges, like OPF Girls College, to provide quality education for the children of overseas Pakistanis.

**Welfare Schemes:**

Offering financial assistance through grants and other services for death, disability, and other emergencies.

**Vocational Training:**

Establishing institutions to provide training in trades that are in demand in the international job market.



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**Facilitation:**

Providing airport counters and other points of contact to help overseas Pakistanis with their governmental and administrative matters.

About Us - Overseas Pakistanis Foundation

Your Own Organization. The Overseas Pakistanis Foundation (OPF) is a dedicated organization created to address the challenges face...

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