

# Bangladesh: Improving the Administration of Civil Service Pensions



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## Abbreviations

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AO	Accounts Office
ATM	Automated Teller Machine
BCC	Bangladesh Computer Council
C&AG	Comptroller and Auditor General
CPC	Central Pension Cell
DPC	District Pension Cell
DC	Defined Contribution (Pension Scheme)
DDO	Drawing and Disbursing Officer
DoPPFI	Directorate of Pension Provident Fund and Insurance (India)
EFT	Electronic Funds Transfer
FD	Finance Division, Ministry of Finance
FY	Fiscal Year
GPF	General Provident Fund
HoD	Head of Department
iBAS++	Integrated Budget and Accounting System
ICT	Information & Communications Technology
ID	Identification
MDTF	Multi-Donor Trust Fund
MIS	Management Information System
NID	National Identification
NSSS	National Social Security Strategy
OCGA	Office of the Controller General of Accounts
PDA	Pension Disbursing Agency
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PPO	Pension Payment Order
PSP	Payment Service Providers
SPEMP	Strengthening Public Expenditure Management Project
Tk	Taka (currency)

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## Executive Summary

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**This policy note is focused on Bangladesh’s civil service pension administration system.** The Finance Division (FD) of the Ministry of Finance (MoF) requested the study to assess the overall management and processing of civil service pensions, and help prepare a roadmap for potential improvements. The Government of Bangladesh (GoB) also seeks continued engagement to operationalize the payroll and pension databases linked to the national identification (NID) system, which were developed with the support of the Strengthening Public Expenditure Management Program (SPEMP) under a World Bank administered, Multi-donor Trust Fund (MDTF). This note limits its focus to reviewing the existing civil service pension coverage, budgeting, administrative arrangements, processing steps, and accounting. It proposes ten recommendations that are summarized in Table 1 below. Further analytical work and engagement will be needed for to advise on the GoB’s broader pension reform efforts aimed at moving towards a universal participatory pension system.

**Civil servants are covered by an unfunded, noncontributory defined benefit pension scheme, financed from the GoB’s recurrent budget.** Civil servants are eligible to receive a pension at age 59. There are approximately 618,000 pensioners at present, with about 40,000 government employees retiring every year from a civil service numbering over 850,000. Pension expenditure has been growing rapidly in recent years, with the share of recurrent spending rising from 6.5 percent in FY16 to 9.8 percent budgeted in FY18. Budgeting would be strengthened by establishing a single budget line (**recommendation 1**).

**Fragmented administrative arrangements mean that pension processing is cumbersome for both the GoB and pensioners, and there is substantial scope for modernizing the system with the establishment of a Central Pension Cell (recommendation 2).** The Office of the Controller General of Accounts (OCGA) has limited scope to monitor and control the various Ministries’ Pay and Accounts Offices (PAOs) under its jurisdiction, and the existing structural setup does not support compliance with fundamental internal control principles. A dedicated CPC could be housed in the OCGA and serve as a proactive wing with subordinate cells at the District and Upazila level. It would be solely responsible for pension benefit award and payment processing across all government pensioners. The same set up could also be established in the offices of self-accounting entities like Controller General Defense Finance and Railways to bring a harmonized approach across all ministries and departments.

**Retiring employees need to navigate a process with 20 steps to get to the issuance of a Pension Payment Order (PPO) and regular pension payments.** Authority for pension processing, accounting, payment and reporting is vested in one entity, the OCGA, compromising fundamental principles of internal controls. Dividing responsibilities, especially pension case preparation and payment, is essential to strengthening accountability (recommendation 3). The lack of automation complicates pension processing, which needs to be streamlined, especially for the preparation of PPOs (linked to the NID) and family pensions (recommendations 4 and 5).

**Pensioners typically travel each month to accounts offices and banks to collect their pensions, and systems need to be modernized.** Pension payments are made only through

state-owned Sonali Bank, leading to substantial commissions, lack of competition, and limited choices for pensioners. The various payment systems used by different departments add further complications. Enabling more financial institutions to make pension payments and requiring the use of electronic funds transfer (EFT) into bank accounts or mobile money platforms would be a major step forward (recommendation 6).

**There is a substantial backlog of pending pension cases, and pensioners have limited scope to provide feedback.** In the absence of central pension administration authority responsible for ensuring compliance with rules and regulations, pension processing takes 6 to 12 months, and there are cases where pensions are not paid for several years after retirement. Service standards need to be established and upheld through regular, standardized monitoring reports, and a special effort is needed to clear the backlog of pending cases (recommendation 7). Establishing a grievance mechanism (recommendation 8) can play an important role in this regard, in addition to helping manage pensioner dissatisfaction.

**Accounting and monitoring systems for civil service pensions need to be strengthened.** Establishing a Central Processing, Accounting and Payment System that is linked with the Integrated Budget and Accounting System (iBAS++) will be critical (recommendation 9). The effectiveness of the effort will hinge on establishing a pension database that is integrated with the payroll and employee records under a human resource management information system (recommendation 10). Together, these systems will help streamline processing, and ensure timely transitioning from the payroll to the pension database.

**Automated and integrated systems are essential for ensuring the integrity of the pension rolls.** This was amply demonstrated with the implementation of the National Pay Scale Revision in 2015, when employees were required to register online with NID, and the pension rolls dropped dramatically. The GoB used the opportunity to validate the rolls using the NID for pensioner authentication and curbing the presence of ‘ghost pensioners’. This was a major step, and ensuring sound pension roles will require continued effort going forward.

**The proposed recommendations are a set of first steps that will need to be prioritized and adapted through a consultative approach bringing together representatives of all key stakeholders.** Four priority actions are to establish a CPC, build a central processing, accounting and payment system, expand payment options, and clear the backlog of pension cases. Progress on this agenda will require addressing a range of motivational issues, promoting an enabling environment to manage emerging challenges, encouraging solution focused leadership, and embarking on a communication campaign to explain the benefits of the proposed reforms. Vested interests may oppose reforms to the *status quo*, as inefficient business processes can provide opportunities for rent-seeking. Over time, however, the strengthened administrative arrangements, simplified processes, expanded automation, and increased responsiveness will greatly improve the civil service pension system.

**Table 1: Summary of Recommendations**

<b>Recommendations</b>	<b>Rationale</b>
<b>1. Establish a single budget line and account head for pension expenditure.</b>	All civil service pensions are a liability of the GoB and responsibility should rest with the Ministry of Finance (not of individual ministries), with a single budget line for accounting.
<b>2. Establish a dedicated Central Pension Cell (CPC) in the OCGA.</b>	The CPC should be complemented by cells at the District and Upazila levels, and be solely responsible for processing.
<b>3. Separate pension case preparation from payment.</b>	Processing up to PPO issuance should be undertaken by the CPC, with payment made through the Accounts Office.
<b>4. Streamline PPO processing linked to the NID.</b>	The CPC should be the sole authority to issue PPOs, linked with the unique NIDs and biometric information of pensioners.
<b>5. Streamline family pension case preparation.</b>	Process simplification will enable the surviving spouse to claim family pension, even in difficult cases where the spouse nomination is missing from the pensioner PPO.
<b>6. Expand banking choices and make EFT direct deposits mandatory for all pensioners.</b>	Broadening payment options and adopting EFT will increase competition and lower fees.
<b>7. Undertake a special drive to clear the backlog of pension cases.</b>	Concerted efforts are needed to address the backlog, including raising pensioner awareness of their obligations and rights.
<b>8. Establish a pensioner grievance redressal and feedback mechanism.</b>	A grievance redressal mechanism is essential to reducing the backlog of pending pension cases and effectively addressing grievances as they arise.
<b>9. Implement a Central Pension Processing, Accounting and Payment System linked to IBAS++</b>	It is essential to establish a centralized system, linked with iBAS++ to streamline processing and ensure timely transitioning from payroll to the pension database.
<b>10. Generate a comprehensive pension database that links with payroll and employee records.</b>	An integrated pension database will help ensure the validity of employees transiting to the pension database from the regular payrolls.

## 1. Introduction

1. **As part of a deepening engagement with the Government of Bangladesh (GoB) on the broader pensions agenda, this note analyzes and makes recommendations concerning the administration of civil service pensions.** The National Social Security Strategy (NSSS), was launched in 2015 and proposes a comprehensive pension reform program towards a Universal Participatory Pension System that is fully funded, covering the elderly and destitute, private sector salaried and informal workers, and public sector employees. As requested by the GoB, this note supports efforts on this broader agenda with a focused review of the existing administration of civil service pensions, highlighting key areas for improvement.<sup>1</sup>

2. **There is substantial scope to strengthen and modernize the administration of civil service pensions.** The Public Expenditure and Financial Accountability (PEFA) Report 2015 points to weak controls over the current stock of civil servants who will eventually transit to the pension database (Annex 2). Other PFM efforts, such as the FD's initiative to integrate payroll and personnel records, and the policy note completed in 2015 on the Integrated Budget and Accounting System (iBAS++), also highlight the need to ensure internal controls for payroll and pension payments. Indeed, when the FD linked the payroll and pension databases to the NID system as part of the 2015 pay revision, it had a major impact in cleaning up the rolls and removing 'ghost pensioners'. Finally, the PFM Reform Strategy 2016-2022 emphasizes the importance of automating business processes across all government systems to ensure efficient management of public funds, and modernizing the civil service pension administration system is a key pillar of the GoB's PFM reform agenda.

3. **This note is focused only on civil service pension administration, and does not attempt to address broader pension issues and policies.** The study looks at the current civil service pension systems and processes, reviewing the use of information technology to transit employees from the payroll to the pension database and assessing the control environment for accounting, payment and reporting of civil service pensions. Each section highlights key challenges and makes recommendations aimed at strengthening the system. Section 2 considers civil service pension coverage, budgeting and administrative arrangements. Section 3 is focused on improving processing and payment procedures. Section 4 considers measures to strengthen accounting and monitoring of civil service pensions, and Section 5 concludes.

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## 2. Civil Service Pension Coverage, Budgeting and Administrative Arrangements

4. **Bangladesh’s pension system is based on the Pension Act of 1871 with subsequent amendments.** The latest order on pension rules (*Further Simplification of Pension Rules & Procedures in respect of Sanction and Payment of Pension to Civil Employees of Government*) was issued by the Finance Division (FD) of the Ministry of Finance (MoF) on January 27, 2009. It expanded the coverage of the government employees’ pension scheme and mapped out budgeting and administrative arrangements.

### 2.1 Coverage

5. **There are about 618,000 pensioners currently receiving benefits under the GoB’s Civil Service Pension Scheme (excluding pensioners in entities such as railways, defense and postal services).** In the absence of comprehensive records compiled by a single agency, the number of beneficiaries in the Civil Service Pension Scheme is an estimate. The retirement age is set at 59, and about 40,000 government employees retire every year out of a civil service of around 850,000.<sup>2</sup> It is worth noting that not included in the Civil Service Pension Scheme are pensioners from numerous public sector organizations, semi-government agencies, autonomous bodies under ministries, local authorities, and government-aided educational institutions that are also entitled to pension and retirement benefits similar to those under the Civil Service Pension Scheme.

6. **Under the Civil Service Pension Scheme, a pension is granted to a retiring civil servant based on the length of qualifying service and the last emoluments drawn.** The defined benefit is an entitlement for the rest of the life of the civil servant, with a family pension going to the surviving spouse. The various categories of pensions and other benefits are noted in Table 2.

**Table 2: Categories of Pensions and Other Retirement Benefits**

<p><b>1. Superannuation pension:</b> Most pensions belong to this category. It is an assigned pension based on a mandated age currently set at 59 in the Public Service Act 1974. The GoB increased the retirement age for judges (Supreme and High Court) and public university teachers to 67 years, and raised the gross pension at retirement after the minimum qualifying service of 25 years from 80 to 90 percent.</p>
<p><b>2. Retiring pension:</b> By law, the GoB may cause a public servant to retire from service at any time after completion of 25 years of service without assigning any reason. Only the appointing authority is authorized to exercise this power and issue an order accordingly. In the case of gazette officers, the retirement decision is referred to the President of Bangladesh.</p>
<p><b>3. Optional / voluntary pension:</b> A public servant may opt to retire from service at any time after completing 25 years of qualifying service (with 30-days prior notice).</p>
<p><b>4. Invalid pension:</b> An invalid pension is granted to a civil servant in the event of permanent physical or mental disability, based on the medical certificate.</p>

<sup>2</sup> Bangladesh Public Expenditure Review – Update (World Bank, June 2015). Civil servants include ‘gazetted’ and ‘non-gazetted’ officers, except defense, whose pension is also fully funded but follows separate policies and procedures.

<p><b>5. Compensation pension:</b> This benefit is provided to civil servants who lose their jobs due to the abolition of their posts, downsizing, or any other reason of austerity.</p>
<p><b>6. Family pension:</b> This benefit is granted to the nominated spouse or one or more family members of a civil servant in the event of death while in service or after retirement, provided the pensioner was on the date of death in receipt of a pension.</p>
<p><b>7. Gratuity and commutation:</b> This is a one-time lump sum benefit to the retiring civil servant requiring a minimum of one year of qualifying service and eligibility.</p>
<p><b>8. Government accommodation:</b> If the employee dies while in service, their family is permitted to stay in the accommodation for two years, subject to certain conditions.</p>
<p><b>9. Benevolent fund:</b> If an employee dies during service or within five years from the date of superannuation, the surviving spouse or, in the event of death, the spouse's family, is entitled to receive a payment from the benevolent fund for a period of ten years.</p>
<p><b>10. Group insurance:</b> The GoB has instituted a Group Insurance Fund. All employees, except class III and class IV employees, are required to deposit premiums to the Fund at the prescribed rates. If an employee dies while in service, their family will get one-time financial help from the Fund equivalent to 24 months' pay based on the last pay of the deceased employee.</p>
<p><b>11. General provident fund:</b> Employees can invest up to 25 per cent of their basic salary in the Fund, which currently pays an interest rate of 12.5 per cent.</p>
<p><b>12. Other retirement benefits:</b> The GoB offers various retirement benefits to its employees besides a pension, including Post-Retirement Leave (within one year of retirement, entitling the civil servant to receive a salary for the period for which leave was due at the time of retirement), and medical benefits.</p>

## 2.2 Budgeting

7. **Pensions for the civil service are financed by the GoB through an unfunded, defined benefit scheme.** The pension budget is formulated based on estimates of retirees and their benefits (adjusted for inflation). Pension expenditure is charged to the current revenue budget (non-development), and committed pension liabilities (all pension liabilities for the employees already retired and the pension liability for the period already served for existing employees) are a mandatory payable obligation of the GoB.

8. **Pension expenditure constituted 6.5 percent of current expenditure in FY16 and continues to grow.** Pension expenditure rose from Tk. 106.3 billion in FY16 to Tk. 126.7 billion in FY17, and the allocation increased further to Tk. 229.4 billion in the FY18 budget, or 9.8 percent of current expenditure.

9. **The absence of real-time data on the number of pensioners and the entitlements of government employees and pensioners complicates efforts to compute and project salary and pension expenditures.** The growing share of pension expenditure in current spending accentuates the importance of strengthening the management of the scheme.

10. **Pension expenditure is budgeted and paid separately by each ministry for the personnel retired from their departments, even though the employee's service book or record is**

**dispatched to the Accounts Office along with pension papers.** Most ministries lack the capacity to maintain basic records of pensioners, process entitlements, and make pension payments.

*Recommendation 1: Establish a single budget line and account head for pension expenditure.*

**11. Creating a single budget line for pension expenditure under the MoF would help strengthen the budgeting, processing and payment of pensions.** Multiple line ministries handling pensions for their former employees complicates pension administration, given that ministries dispose of retiring employee records towards Pension Payment Order (PPO) generation. In addition, the liabilities associated with the payment of pensions are often not adequately covered at the ministry level.

### **2.3 Administrative Arrangements**

**12. Three bodies are responsible for managing the pension process: the department from where the employee retired, the Pay and Accounts Offices at the Ministry level (supervised by the Office of the Controller General of Accounts in the FD of the MoF), and the state-owned Sonali Bank that makes pension payments.** Retired civil servants are paid following the issuance of a PPO by the employee's last department of service. The Ministries' Pay and Accounts Office (PAO) verifies pension details, calculates pension amounts, issues payment transactions orders, and carries out accounting and reporting. This arrangement is inconsistent with fundamental internal control principles that call for a division of responsibilities in pension processing. The third agency involved is the state-owned Sonali Bank, which makes the final disbursement after another round of verification (after more than three decades of enabling state-owned banks to make pension payments, the service has not been expanded beyond Sonali Bank). This leads to duplication of processes and can result in delays in the issuance of PPOs by 6 to 12 months, followed by another delay of 2 to 3 months to make the actual payment.

**13. The GoB has sought to simplify pension processing, but with limited effect to date.** To simplify pension processing, a government order was issued by the FD mandating each ministry and department to appoint a welfare officer at the Drawing and Disbursing Office (DDO) level. The welfare officer is to be the single point of contact to facilitate pension processing and proactively push the issuance of PPOs. In the absence of enforcement of the simplification order, however, most of the ministries and departments have not appointed a welfare officer, and even where a welfare officer has been appointed, the position is not functional. Hence, the government order has not translated into simplification on the ground.

**14. In the absence of a dedicated authority to govern pension administration, monitoring and compliance with pension rules are difficult to enforce.** The system does not specify service standards of various entities involved in pension processing, including accountability to a timeline to dispose of pending cases. The Office of the Controller General of Accounts (OCGA) has limited scope to monitor and control the various PAOs under its jurisdiction, and the existing structural setup does not support compliance with fundamental internal control principles.

*Recommendation 2: Establish a dedicated Central Pension Cell (CPC) in the OCGA.*

15. **The OCGA would be well suited to host the proposed CPC, based on its current mandate of administering all Pay and Accounts Offices and ensuring the accuracy and timeliness of account compilation.** The CPC should have branches located at the division accounts offices, and as the workload of the CPC increases, related entities will be needed at the District and Upazila levels to monitor pension cases. The same set-up could also be established with the Controller General Defense Finance and the Bangladesh Railway, which are both autonomous entities. This would harmonize pension processing across the GoB. The State Government of Madhya Pradesh, India, has benefitted from establishing a designated directorate to oversee the pension processes (Box 1).

**Box 1: State Government Pension Cell in Government of Madhya Pradesh, India**

<b>Directorate of Pension Provident Fund and Insurance (DoPPFI) Government of Madhya Pradesh, India</b>
<ul style="list-style-type: none"><li>• DoPPFI is under the Finance Department of the State Government.</li><li>• DoPPFI is the single agency authorized to receive pension cases from the Drawing and Disbursing Officers, for both non-gazette and gazette employees, across the state.</li><li>• All functions and processes are digitized, with the PPOs, Government Pension Orders and Commutation Payment Orders uniquely numbered for each pensioner.</li><li>• DoPPFI scrutinizes pay fixation done by various offices and reviews pension cases.</li><li>• DoPPFI works as a state nodal office for implementation of the National Pension System for All India Services Officers.</li><li>• DoPPFI manages registration, data and fund transfer processes, as well as National Pension System-related issues.</li></ul>

16. **The administration of pensions remains fractured, involving numerous agencies and systems.** The CPC will need to address the lack of a centralized system and should have separate wings with divisional functions, which would ensure centralized processing, payment, accounting, ICT-based services, internal controls, and grievance redressal mechanisms.

17. **The proposed CPC would be responsible for the overall management of pensions from beginning-to-end, helping to improve service delivery to pensioners, while promoting greater cost effectiveness for the exchequer.** The CPC could comprise 20 to 50 centrally-based staff and play a critical role in ensuring high standards in the administration of civil service pensions, as well as enabling the implementation of essential pension reform measures (outlined in more detail below). Key functions would include:

- Hosting a Centralized Pension Processing, Payment and Accounting System that can provide for centralized processing and payment instructions, as well as accounting linked to IBAS++.
- Generating and maintaining a comprehensive pension database, linked with payroll and employee records to ensure valid transit (a human resource management information system would help in this regard).
- Preparing and monitoring the list of retiring officials over the next 6, 12, and 24 months with the various line ministries and HoDs at the central level, and reconciling the list with the employee database.

- Determining the full pension package, as a one-stop shop service, and generating the PPO (separating PPO issuance from payment).
- Creating, managing, and maintaining a robust Centralized Electronic Repository (e-Repository) of all PPOs on a real-time basis.
- Linking the e-Repository of PPOs with the Centralized Processing, Payment and Accounting System.
- Enforcing pension rules and government orders issued by the Regulation Wing of the FD to simplify procedures for pension processing and payment (especially for family pensions).
- Managing a centralized budget in iBAS++ for all civil pensioners under a single accounting line item and creating different codes for pension, gratuity, commutation, medical, and festival allowances, as well as other retirement benefits.
- Reconciling accounts between the Accounts Office and Bangladesh Bank / Sonali Bank.
- Supplying data and information to support FD budgeting and forecasting.
- Creating District Pension Cells (DPCs) at the Accounts Offices in each district for pension payments and authorization of PPOs at different levels. Any PPOs created by DPCs would be systematically uploaded in the e-Repository.
- Supervising and monitoring the performance of the DPCs, focusing on the number of cases received, support provided to DDOs, causes and factors for objections and delays, number of cases cleared, and timeliness of PPOs issued.
- Reviewing the pending cases with the concerned line ministries through the divisional and district officials, monitoring monthly progress reports (to be submitted to FD), and helping ministries proactively clear their backlog of cases.
- Promoting pensioners' welfare with extensive outreach activities, resolving pension cases and serving as a forum to redress of pensioners' grievances.

### 3. Civil Service Pension Processing and Payment Procedures

18. **There is substantial scope to improve pension processing and payment, especially by expanding automation.** Progress can be made on all steps in the administration of pensions, from initiation of pre-retirement activities, preparation of pension cases, preparation of PPOs, verification of pensioner identification and first pension payment, issuance of regular pension payments, and management of pending pension cases.

#### 3.1 Key Steps and Activities

19. **Pension processing and payment involves 17 steps for first payment, and another 3 steps to regular payments.** All processes ranging from the preparation of a pension case by the DDO or HoD, to the processing and payment of pension, are done manually. Table 3 lists the 20 steps. Some of the bottlenecks in the process are the result of knowledge gaps on the part of employees or the pension-sanctioning authority (such as the DDO). The absence of a pension-operating manual leaves key roles and responsibilities undefined concerning employer obligations, employee entitlements, and banking arrangements. The lack of automation also complicates processing.

**Table 3: 20 Steps in Pension Processing and Payment**

Time	Step	Details	Remarks
Pre-Retirement	1	Issuance of formal pension sanction order.	Preparation of pension cases: i) For 'non-gazette' officials, this is done at the office level. ii) For 'gazette' officials, this is done at the HoD or Line Director level.
	2	Obtaining final last payment certificate, including: (i) no demand from government, (ii) No objection certificate on no event, (iii) no dues & non-occupancy of government housing, and (iv) appointment letter, declaration of allegiance, and birth certificate.	
	3	Submission of application / documents by the retiring official.	
	4	Verification of all details by DDO.	
	5	Attestation of all details by DDO.	
	6	Submission of recommendation to designated Accounts Officer.	
	7	Verification of all records.	
	8	Vetting of service credentials and verification of past pay fixation.	
	9	Verification of the calculation of pension by DDO.	
Post-Retirement	10	Issuance of PPO to pensioner and disbursing officer.	Issuance of the PPO, processing the first payment, and making the regular pension payments are currently also undertaken by the AO and bank.
	11	Prepare cover / forwarding letter.	
	12	Sending of PPO to pensioner and disbursing officer (Accounts Officer) along with cover letter.	
	13	Placement of pension file for payment.	
	14	Adjustments of Final Last Payment Certificate and Anticipatory Pension & Gratuity Statement.	
	15	Personal appearance of pensioner (along with proof / identification).	
	16	Identification of the pensioner and verification of the case.	
	17	Disbursement of the first payment.	
	18	Withdrawal of pension money from bank.	
	19	Endorsement of PPO by the Accounts Officer.	
	20	Collection of subsequent payments by the pensioner.	

### 3.2. Initiation of Pre-retirement Activities

20. **Key activities are initiated well before the time of retirement at the office of the employee, and begins at the department where the employee works.** For all non-gazetted officials, it is done at the office level. In the case of gazette officers, this is done at the HoD or Line Director level. However, this is one of the most time-consuming activities, and inordinate delays occur at this level. Excessive documentation is required in order to process each pension case. For example, the appointment letter issued at the time of employment (often decades earlier), a declaration of allegiance to the nation, and birth certificate are needed but have no relevance to pension processing.

### 3.3 Preparation of Pension Cases

21. **The preparation of pension cases proceeds on the basis of extensive documentation.** The employee service book for gazette officers are manually written and maintained by the AO. These include details of appointment, qualifications, date of birth, leave records, details of years of qualifying service, increments and promotions. All are necessary to prepare the pension case and calculate the pension, and manual verification is a time-consuming process.

22. **The pension calculation follows a pre-defined formula.** While this involves the verification of the service records, since the qualifying service as well as regular pay fixations have to be incorporated in the calculation of the pension amount, the processes are still performed manually by using a calculator at the Accounts Offices. The system is prone to miscalculation, inaccuracy and error.

23. **The current system of complete audit of the calculation performed by Accounts Offices delays the whole process, involving the same verification performed at the previous stage.** The activities include: verification of all documents as forwarded by the Controlling Office; vetting and verification of credentials of the retiring employee, including the service book/record and the past pay fixations; verification of the pension calculation; and issuance of calculations in the form of a final report on pension, gratuity, and commutation. This duplication and process intensive arrangement leaves scope of unfair practices, with pensioners seeking expedited service for their cases in return for a payment.

*Recommendation 3: Separate pension case preparation from payment.*

24. **Checks and balances in the system need to be strengthened by separating the functions of pension case preparation and issuance of PPOs for pension payment.** Roles and responsibilities should be clearly defined for employees, accounting offices, banks, and heads of agency, and all required documentation needs to be available to support quick disposal of pension claims. A Pension Operating Procedure Manual should be developed and disseminated across all government bodies. The manual should outline the applicable government rules, note the responsibilities of the pensioners, Accounts Offices, banks and other financial institutions, and

provide procedural guidance on the various processes, reporting obligations and grievance handling systems.

25. **To ensure appropriate controls, at least two separate wings are needed to process pensions.** The CPC should perform the function of processing the pension case, make the pension calculations, prepare the final report, and issue the PPO. The Accounts Office should be responsible for identification and release of payment to the pensioner. The PPO issuance for decentralized pensioners should be given to the DPC, who would report directly to the CPC.

### 3.4 Preparation of Pension Payment Orders (PPOs)

26. **The PPOs carry hand-written instructions and are issued manually without a unique code or PPO number.** This results in cases of duplication and PPOs for “ghost” retirees. Issuing the PPO is the final and most crucial activity before the payment is made, but encounters delays and is prone to errors as the process, including calculation and generation of the Final Report, are performed manually. Irregularities in the calculation of qualifying service, fixation of pay, and the like often mean that pensioners have to visit one or more Accounts Offices to seek redress. In the absence of a centralized wing with an IT-enabled facility to allot PPO numbers to retirees, multiple PPOs with different numbers and geographical locations increases the risk of duplicates and malfeasance.

*Recommendation 4: Streamline PPO processing linked to the NID.*

27. **The proposed CPC would be the single authority to issue a unique pension account linked to the NID for pensioners.** This would be similar to the role of the Central Record Agency in Turkey that creates unique pension accounts linked to the NID that is permanently and automatically portable. All PPOs should be system generated and be specific to the parent department. All details should be tracked at the Central PPO e-Repository, synchronized with the pensioners database. Broadly, the following activities are proposed to simplify the process for PPO issuance:

- Based on the Final Report issued and the availability of all relevant documents, generate the PPO from the system.
- Issue the PPO in favor of the pensioner and send both parts to the Accounts Offices (the payment/disbursing authority).
- Along with PPO, issue a cover letter to the concerned Accounts Office, copying the concerned pensioner, DDO, and controlling office.
- Include system-generated, real-time PPO details, such as personal profile of the pensioners, including date of birth, description of roles, department where worked, last salary drawn, qualifying services, amount of gross and net pension, gratuity, and commutation remarks.
- Detail in the PPO cover letter a list of documents that would be provided by the DDO/controlling officer and the pensioner. These include the Last Payment Certificate, Anticipatory Pension and Gratuity Statement, certificates/declarations by the pensioner that there is No Demand, No Event, No Dues, and Non-Occupancy of Government Housing.

28. **The OCGA should be provided the authority to enforce the simplification of various rules and procedures, including those issued by the FD.** The line ministries, as well as HoDs, should be instructed to advise their subordinate offices at the district and Upazila levels to enforce the simplification procedures through official notification. Strict enforcement of simplification rules is essential to ensure that the steps mentioned above are completed within stipulated time limits. For example, there is substantial scope to make the administration of family pensions less cumbersome (Box 2).

### Box 2: Family Pension

**The payment of family pension indicated in the PPO commences on receipt of the pensioner's death certificate.** The widow of a pensioner has to undergo a number of processes, including submission of multiple documents such as finger prints, signatures, photographs, proof of date of birth, an affidavit indicating the names before marriage (if there is change in the surname after marriage), and bank account details. If the pensioner dies without having nominated a spouse in the PPO, the entire process must be repeated to continue receiving the family pension, including verification through the HoD or ministry where the deceased spouse worked.

**The pension case and service book may not be available in the department, however, so it may not be possible to initiate action at this level.** In some cases, offices and departments where the deceased worked have been closed, and the new department is unable to locate the records of the deceased. Pensioners without endorsement of Family Pension on their PPOs have the greatest difficulty tracking records, as they are spread across the country and may not be aware that their spouse nomination is missing in their PPOs.

*Recommendation 5: Streamline family pension case preparation.*

**The family pension process needs to be simplified, reducing the additional documentation required of surviving family members.** The process will be helped by ensuring that pensioners complete the initial authorization process at the time of submission of their pension case, which includes submitting specific forms of identification from the HoD or ministry where the deceased served at the time of retirement.

### 3.5 Verification of Pensioner Identification and First Pension Payment

29. **Following the issuance of a PPO, a pensioner must appear in person and present identification, and then draw their pension through an authorized agent.** A pensioner who is not resident in Bangladesh may draw a pension at any Accounts Office in Bangladesh through a duly authorized agent, who must either produce a certificate by a magistrate or a notary on each occasion.

30. **Pensions are payable monthly at any Accounts Office with the consent of, and subject to such conditions, as may be laid down by the OCGA.** Disbursement of pensions is generally

made from Accounts Offices located at the division, district and Upazila of the pensioner. This localization is preferred by most government pensioners, particularly those outside Dhaka, who prefer to withdraw their monthly pension directly from the nearest Accounts Office. The pension can be paid either from the disbursal or accounts office, or from the banks.

**31. Various forms of validation are required before a pension payment can be received.** Pensioners exempted by the GoB from appearing in person, female pensioners not accustomed to appear in public, or male pensioners who are physically ill, may receive their pension upon the production of a life certificate signed by a responsible government officer. The various forms of identification are as follows:

- **Life certificate** - When payment is made on the basis of a life certificate, it can be made only for periods completed on, or before, the date of the certificate. ‘Porthanashin’ ladies and illiterate pensioners must give a thumb impression on the pension register in the presence of the person who grants the life certificate.
- **Declaration for terminable pension** - A declaration in Terminable Pension Form no 24 certified by a government gazette office, chairman of the concerned Union Council, Ward Commissioner of the concerned Municipality, or Municipal Corporation shall be obtained half-yearly from female pensioners whose pension is terminable by their marriage or re-marriage.
- **Periodic identification of pensioners** - On the first appearance of a pensioner on or after the first day of July each year, the disbursing officer, if necessary, may take an impression of the thumb and all the fingers of the pensioner’s left hand. The exemption to this procedure is granted to persons who have been Gazetted officers, Members of Parliament, and who have been specially exempted by the GoB on the grounds that there would be no difficulty in identification.

### **3.6 Issuance of Regular Pension Payments**

**32. Retirees draw their monthly pension in three ways:<sup>3</sup>**

- Payment from an Accounts Office in Dhaka.** Pensioners in Dhaka submit their PPO and a pension bill that has been signed and stamped to the Chief Accounts Officer. A check is issued to the pensioner for cashing or deposit at a financial institution.
- Payment from an Accounts Office outside of Dhaka.** Pensioners outside of Dhaka draw pensions either from the District or Upazila Accounts Offices. The pensioner submits their PPO signed by the Accounts Officer to the bank and receives payment in cash.
- Payment from a state-owned bank (Sonali Bank).** At present, Sonali Bank remains the only bank option for receiving pensions, and the process remains cumbersome. Pensioners receive their pensions through direct deposit to their accounts at Sonali Bank, or submit their PPO to the Sonali Bank and receive cash. Upon presentation of monthly statements, Sonali Bank is reimbursed from the concerned Accounts Office through budgetary allocations from various ministries.

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<sup>3</sup> Disbursement modalities differ across departments and entities. For example, civil service pensions are payable at any Accounts Office, while Postal Department pensions are drawn from any post office, defense service pensions are disbursed by the Controller General Defense Finance through designated commercial banks, Bangladesh Railways pensions are drawn from designated railway stations.

33. **For pension payments made through Sonali Bank, the GoB pays substantial fees.** The commission for making pension payments is about Taka 200 million per year, which at present rates would rise to Taka 1 billion if all pensioners drew their pension from Sonali Bank. Additional banking choices and mandatory EFT for all pensioners could substantially lower fees, provided banks were only performing the banking function of crediting pensions to bank accounts and not disbursing pensions based on the PPOs.

*Recommendation 6: Expand banking choices and make EFT direct deposits mandatory for all pensioners.*

34. **Expanding payment through banks beyond Sonali Bank and adopting a direct deposit scheme through financial institutions or payment service provider could speed up and lower the cost of making pension payments.** The scheme should adopt a platform approach with interoperability features to ensure scale-up that would accommodate any broader pension payment system in the future. Policy action would be needed to allow both public sector and private sector banks to disburse pensions. As payment service providers, commercial banks could perform the banking function of opening bank accounts (in cases where pensioners do not already have accounts) and crediting them as per EFT instructions, secured by digital signatures. Focusing only on funds transfer, banks would be free from pension processing, and avoid having to pay in advance for subsequent reimbursement from the GoB. This could substantially lower associated banking commissions.

35. **Other options for making payments should also be considered, especially the post office, mobile banking services and automated teller machines.** The post office has a far reach, including in remote rural areas, and is in the process of implementing modern automated systems (see Annex 4). The modernization of the post office and presence across Bangladesh could be used to make pension payments for all civil service retirees, rather than only retired postal workers as at present. Automated teller machines, mobile banking (visiting specific payment locations on a set schedule), and point of sale devices have been effectively deployed in other parts of the world.

36. **Revamping the regular payment of pensions will bring greater transparency, efficiency and cost effectiveness for the GoB, while easing the process for pensioners.** The current process is largely unchanged since the pension system was introduced decades ago, at a time when there were fewer pensioners and processing / payment had to be undertaken manually. Fully implementing IT-enabled, modern systems will lead to dramatic improvements.

### 3.7 Management of Pending Pension Cases

37. **While the average time taken from the initiation of a claim to actual payment of a pension is 6 to 12 months, there are cases where pensions remain unpaid for years.** There is a substantial back-log of pending pension cases, mainly due to tedious manual processing, the lack of service standards, and weak accountability mechanisms. In some instances, employees have retired, but their pension cases have yet to be prepared by the concerned DDO or HoD. This

creates opportunities for rent-seeking for administrators, with pensioners paying to facilitate or speed-up processing.

**38. Uniform reporting on pending pension cases needs to be established.** Although DDOs maintain lists, these are in different formats, and DDOs send information to different authorities. For example, the DDO District Collector sends information on pending pension cases to the Prime Minister's Office and the Cabinet Office. The District Primary Education Officers send reports to their HoDs.

*Recommendation 7: Undertake a special drive to clear the backlog of pension cases.*

**39. A stepped-up initiative is needed to clear the existing backlog of pension cases.** A “One Time Special Drive” with extra resources and concerted efforts at all levels is needed to clear the existing backlog. The initiative could:

- Commit resources, auditors, and accounts offices to arrange the effort.
- Identify employees at the DDO level that have retired but whose cases have not been sent to the Controlling Officer / Accounts Office for issuance of PPO.
- Identify employees who have retired and whose cases have been received from the DDO, but where final approvals from controlling officers are still pending.
- Note cases sent by DDOs/Controlling Offices, but where PPOs still have not been issued by the Accounts Office, as well as cases where PPOs have been issued, but where pension payments have yet to commence.
- Give the drive wide publicity and encourage retirees to bring their cases, with clearly specified documents, for processing.
- Offer one-stop solutions to retirees, attended by DDOs, Controlling Offices, Accounts Offices, and any other authorities as may be required to issue PPOs on the spot.

**40. Service standards need to be established.** If pension processing is pending for longer than a specified time, the officials responsible should be held accountable, with remedial action defined. The HoDs should ensure that service standards are upheld, and prepare regular monitoring reports following a structured format to be submitted to the Secretary of the Ministry concerned. Concerted efforts will be needed to address special circumstances, such as cases involving courts, departmental enquiries, or actions pending at the ministry level.

**41. The effectiveness of civil service pension administration reforms will be helped by enhancing communication and boosting awareness of pensioners.** By publishing pamphlets, arranging training programs, and issuing periodic notifications, the CPC can significantly improve the flow of information to pensioners about requirements and their rights.

**42. Retiring civil servants have difficulty in obtaining and familiarizing themselves with pension rules and regulations, and a readily usable feedback mechanism is needed.** The pension software interface could include a document checklist and provide for periodic notification to the pensioners. The GoB could publish a set of guidelines (Annex 3) for employees and prospective pensioners, so that they are fully conversant with the procedural aspects of processing

their own cases. Communication with pensioners and resolution of pending pension cases would be helped by establishing feedback loops.

*Recommendation 8: Establish pensioner grievance redressal and feedback mechanisms.*

43. **Creating a grievance redressal and feedback mechanism that would be monitored centrally is especially important.** Establishing a grievance redressal mechanism is essential to reducing the backlog of pending pension cases and effectively addressing grievances as they arise. Readily available information about pensioners' rights and responsibilities also needs to be matched by a channel for providing feedback. For example, the documentation required by the relevant DDO and Head of Department (HoD) could be streamlined based on feedback from pensioners, who continue to be burdened by the process.

## 4. Civil Service Pension Accounting and Monitoring

44. **The systems for accounting and monitoring need to be strengthened.** The administration of civil service pensions will be much improved by strengthening accounting procedures and controls through the implementation of a central pension processing, accounting and payment system linked to IBAS++, and by establishing an integrated pension database. With pension payments made by local AOs, in some cases manually without automated business processes, it is challenging for the OCGA to monitor pension processing, pending cases, and payments.

### 4.1 Accounting Procedures and Controls for Pension Payments

45. **Financial management of pension administration needs to be strengthened.** Transparency and accountability are best served by separating the authorization and issuance of pensions, minimizing errors and the scope for irregularities, as well as institutionalizing ‘checks and balances’ for better internal control. For example, the Government of Pakistan introduced an Integrated Financial Management Information System (IFMIS), enabling broader pension reforms, enhancing accounting and reporting, and facilitating automatic pension payments (Box 3). Similarly, Bangladesh should establish a Central Pension Processing, Accounting and Payment System Linked to iBAS++.

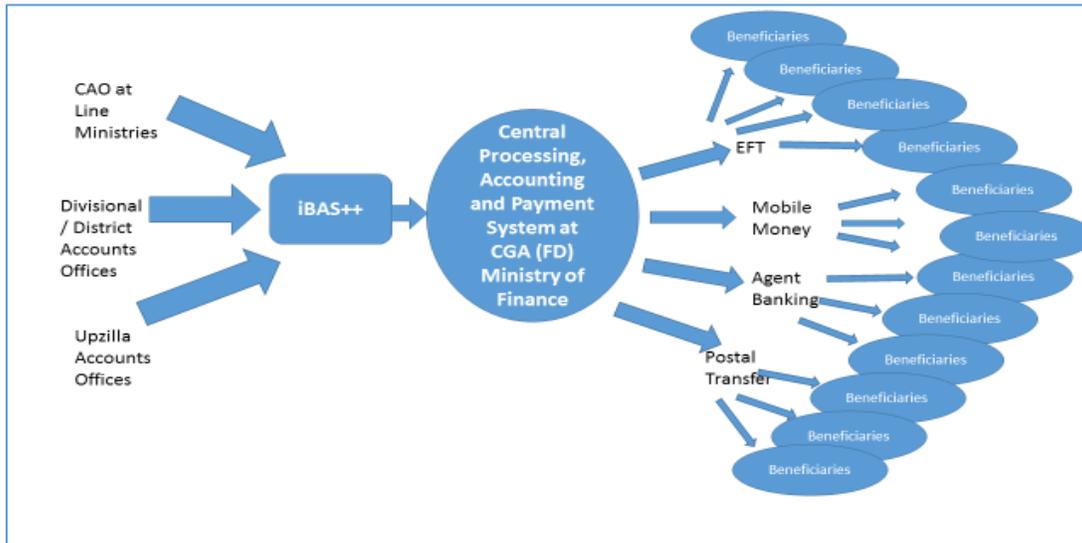
#### Box 3: IFMIS and Pension Reforms in Pakistan

- The Government of Pakistan established the IFMIS.
- Pension reforms were implemented, including simplifying pension rules, reducing the pension sanction order to one page, and contacting eligible pensioners a year in advance of the date of retirement to ensure seamless transition from payroll to pension upon retirement.
- Payment systems were automated with monthly disbursements through computerized direct deposit into pensioners’ bank accounts, which can be accessed through ATMs.
- The automated pension payment system has greatly eased the process, reducing opportunities for rent seeking, eliminating ghost pensioners, and reliably covering 1.2 million pensioners.
- The Government of Pakistan plans to convert all pensioners to the direct deposit system over the next three years.

*Recommendation 9: Implement a Central Pension Processing, Accounting and Payment System linked to IBAS++.*

46. **A Central Processing, Accounting and Payment System should be developed, linked seamlessly to the GoB’s Integrated Budget and Accounting System (iBAS++).** All CAOs and Accounts Offices at the District level have been computerized and networked, and those at the Upazila level are to follow soon. The digitization of business processes enables streamlining and simplifying different processes to create a robust and dynamic pension processing, payment and accounting system. The proposed Central Pension Processing, Accounting and Payment System could be managed by the CPC and include an interface with iBAS ++ (Figure 1).

**Figure 1: Proposed Central Pension Processing, Accounting and Payment System**



## 4.2 Integrated Pension Database

47. **The modernization of civil service pension administration in Bangladesh will hinge on establishing a comprehensive pension database that is integrated with employee records and payroll.** Ensuring the validity of employees transiting to the pension database from the regular payrolls depends on systematic reconciliation with the payrolls, personnel records maintained at the ministry/division level, and employee database kept by the Ministry of Public Administration. The website and back-end were prepared by the ICT team of the FD working on the iBAS++, establishing a portal for employee self-registration. With the National Pay Scale Revision in 2015, employees were required to register new fixation sheets online together with their NIDs, leveraging on the Bangladesh Computer Council connectivity backbone (*BanglaGovNet*, Annex 5). This low-cost strategy greatly improved the accuracy and timeliness of data entry. A comprehensive and centralized pension database should capture personnel information including departmental affiliation, grade, service conditions and payroll information of all government employees and pensioners, helping to ensure the integrity of the system.

*Recommendation 10: Generate a comprehensive pension database that links with payroll and employee records.*

48. **Establishing an integrated database brings numerous benefits.** These include:

- a. **Improving personnel management.** Accurate records of different categories of staff will facilitate better personnel management, with direct civil servants paid through the Consolidated Fund of Bangladesh, while indirect employees are paid through lump-sum grants issued by their respective ministries.
- b. **Assessing the impact of changes, such as shifts in national pay scales.** Expenditure on salaries and pensions jumps when new pay scales are defined. Similarly, changes in

entitlement parameters or large retirements also have significant impacts. Assessing spending requirements requires accurate, up-to-date, individual employee and pensioner data, including income and demographic profiles.

- c. ***Increasing accuracy with clear employee categorization.*** The accuracy of budget estimation, manpower planning and accounting will be improved by drawing together complete information on pay and allowances, including those paid to indirect employees belonging to autonomous institutions, local bodies, and projects, which are currently not mapped to the personnel database.
- d. ***Preparing actuarial assessments.*** Demographic and pay data on employees and pensioners are essential to preparing actuarial assessments of evolving pension liabilities.
- e. ***Reducing the risk of 'ghost pensioners'.*** A centralized database is essential to ensuring the accuracy of pension rolls. The issue of 'ghost pensioners' was evident from the National Pay Scale Revision in 2015, when a requirement that pensioners prepare a new fixation sheet with their details and NID to continue receiving pensions precipitated a large fall in the number of pensioners.

## 5. Conclusion

49. **Implementing the proposed recommendations will be challenging and will need to be carefully sequenced, monitored, and adapted to the evolving context.** Vested interests in the *status quo* of inefficient business processes that provide rent-seeking opportunities may obstruct efforts to modernize the system. Over time, however, the proposed changes in institutional arrangements, simplified processes, expanded automation, and increased responsiveness will make the civil service pension system compatible with good practice in the rest of the world. In India, significant progress was made through the establishment of a strengthened regulatory body (the Directorate of Pension, Provident Fund and Insurance under the Finance Department) and single processing units (Pension Cells) at the state level. In Pakistan, the extensive use of ICT is underpinning substantial improvement.

50. **The top four priority actions in Bangladesh are establishing a CPC, building a central processing, accounting and payment system, expanding payment options, and clearing the backlog of pension cases.** The establishment of a CPC in the OCGA will be essential to progressing with the simplification of pension case preparation and payment processes. The functioning of the CPC will hinge on developing a central processing, accounting and payment system, featuring a unified pension database, a seamless interface with iBAS++. Enhanced payment modalities can significantly improve processing, including by enabling other financial institutions to make payments, requiring the use of EFT for direct deposits to the pensioners' bank accounts, and facilitating mobile money. Finally, a major effort is needed to clear the backlog of pending pension cases, coupled with improved monitoring and reporting to ensure that a backlog does not re-emerge in future.

**Annex 1: Public Expenditure and Financial Accountability (2015)**  
**Performance Indicator: Payroll Controls**

	<i>Minimum Requirements (Scoring Method M1)</i>	
	<i>2015</i>	<i>Explanation</i>
<b>PI-23 Payroll controls</b>	<b>Score C+</b>	
23.1 Integration of payroll and personnel records.	B	The manual payroll in each MDA is supported by full documentation for all changes made to personnel records each month and checked against the previous month's payroll data. Staff hiring is controlled against positions approved by the Ministry of Public Administration and Ministry of Finance. Promotion is also guided by set rules where the number positions to be filled by promotion is clearly defined.
23.2 Management of payroll changes.	B	It can take up to 3 months to process changes to personnel records, though the majority is made within a month. Retroactive payments exist but are not widespread.
23.3 Internal control of payroll.	C	Changes can only be made by two staff signatures (including certifying officer) providing a full audit trail. Reconciliation and aggregation is not carried out at central level.
23.4 Payroll audit.	C	Annual partial audit is in place by the supreme audit institution for each MDA.
<b><i>PI-23.1 Integration of payroll and personnel records</i></b>		
<ul style="list-style-type: none"> <li>The reconciliation is still manual although there is thorough (and time-consuming) cross-checking, including an absentee list, service book, and monthly random checks. From the centralized office down, each level has the tools for responsible control. Staff hiring is controlled against positions approved by the Ministry of Public Administration and Ministry of Finance. Promotion is also guided by set rules where the number positions to be filled by promotion is clearly defined. According to the Chief Accounts Office Dhaka, errors are considered less than 3 percent based on retroactive adjustments.<sup>4</sup> There is monthly code-wise reconciliation by each responsible officer whose reconciliation is checked by another officer to avoid collusion. External audit sample checks as part of their audit process. An IT system is in the process of being populated for testing.</li> <li>The payroll function is decentralized to line ministries/divisions and even down to local offices of ministries. Personnel records are kept, in some instances computerized, by relevant line departments. The records update is based on update of payroll at the pay points and is not always reconciled at the central level. Ministry of Finance has recently introduced an employee database to facilitate payroll reconciliation and updates of records between OCGA and line ministries/divisions. But this is yet to be fully operationalized. The documents maintained at the ministry/division level are often updated with personnel records in a database kept by the Ministry of Public Administration; but the updates are not systematic, and there is no evidence that discrepancies are monitored and acted upon in a timely manner. If viewed from an IT perspective, it could be construed that the integrity of the payroll is undermined by lack of regular reconciliation of personnel records with payroll data. However, the manual system has several independent stringently applied control processes with random checking, which is also subject to external audit scrutiny.</li> </ul>		
<b><i>PI-23.2 Management of payroll changes</i></b>		
<ul style="list-style-type: none"> <li>All staff movements and changes are tracked with placement certificates from the Ministry of Public Administration communicated by post resulting in delays in notification. In remote areas it can take up to 3 months to process changes to personnel records though the majority are made within a month, particularly if affected officers follow up on their own changes. Any salaried person without complete documentation, including placement certificate, is not paid. Retroactive payments exist but are not widespread as witnessed by an examination of payroll documentation and external audit reports.</li> </ul>		

<sup>4</sup> The review team confirmed this by observed records and audit reports.

### ***PI-23.3 Internal control of payroll***

- Internal controls of changes to personnel records and the payroll are covered by specific rules. The service book, last change certificate, and the fly-leaf book are all required to be changed and can only be done so by two staff signatures (including certifying officer). This provides a full audit trail and sign-off. However, most of the changes are done manually on payroll registers/ledgers, some of which are torn with multiple, hand-written comments and signatures making it difficult to identify the most recent updates.
- The payroll system has not been fully addressed under any reform intervention so far. Under SPEMP-A, there was an attempt to create an employee database but due to sudden closure of SPEMP-A the process was stalled. As a result, the database could not be used for the purpose for which it was established. Currently, under a bridging program supported by government, the agenda is being pursued. Additionally, the Government is also considering technical assistance support to link other cross-cutting issues with the payroll and pension database and streamline the payroll system with staff ID numbers.

### ***PI-23.4 Payroll audit***

- There is no separate payroll audit to identify control weaknesses in the system. Payroll audit is part of the annual compliance audit by the C&AG, which is carried out by various audit directorates. With regards to its standard audit program, civil audit and local audit directorates are mainly responsible, on a sampling basis, to carry out the payroll audit of ministries, corporations, and local government employees.

## Annex 2: Proposed Employee's Roadmap - Recruitment to Retirement

<b>UPON ENTRY INTO SERVICE</b>
<ul style="list-style-type: none"> <li>• Service Book in prescribed Format to be maintained to record every step in employee's official life. It must contain Family Details and Nominations for Retirement / Death Gratuity and GPF.</li> </ul>
<b>EVERY YEAR</b>
<ul style="list-style-type: none"> <li>• Employee must check Service Book so as to verify correctness of entries made therein including leaves, increments and pay fixation from time to time.</li> </ul>
<b>AFTER 25 YEARS OF SERVICE</b>
<ul style="list-style-type: none"> <li>• Issue of Service Verification Certificate of the Qualifying Service by Head of Office.</li> </ul>
<b>5 YEARS BEFORE RETIREMENT</b>
<ul style="list-style-type: none"> <li>• Verification of Qualifying Service, five years before retirement by Head of Office.</li> </ul>
<b>2 YEARS BEFORE RETIREMENT</b>
<ul style="list-style-type: none"> <li>• Head of Office should write to Directorate of Accommodation for issue of No Demand Certificate in respect of period of preceding eight months before the date of retirement, in case the employee occupies Government Accommodation.</li> <li>• An intimation of the likely retirees should be made available to the Pension Cell.</li> </ul>
<b>10 MONTHS BEFORE RETIREMENT</b>
<ul style="list-style-type: none"> <li>• Head of Office will issue a certificate to the employee regarding length of Qualifying Service for purpose of pension and gratuity and as to emoluments and average emoluments for purpose of reckoning of retirement gratuity and pension for employee's acceptance.</li> <li>• An intimation to that effect should be made available to the Pension Cell.</li> </ul>
<b>8 MONTHS BEFORE RETIREMENT</b>
<ul style="list-style-type: none"> <li>• Employee must submit Application Form Part I duly completed in all respects to the Head of the Office. It Must Carry at least Three Joint Photographs of the pensioner and spouse.</li> </ul>
<b>6 MONTHS BEFORE RETIREMENT</b>
<ul style="list-style-type: none"> <li>• Head of Office shall ensure completion of Part-II of Pension Application Form and he shall forward the pension papers to the Appointing Authority.</li> </ul>
<b>3 MONTHS BEFORE RETIREMENT</b>

- Employee may apply for Commutation of Pension in prescribed form to the Head of Office for onward transmission to the Competent Authority. Employee may also ensure that the DDO has stopped making GPF recoveries.

### **2 MONTHS BEFORE RETIREMENT**

- Head of Office shall confirm with the Appointing Authority regarding the forwarding of case to the Pension Cell.
- Simultaneously, the Head of Office should communicate with the Pension Cell, Government dues recoverable from Gratuity for the employee.
- The Pension Cell shall verify all claims based on the employee database and records.

### **1 MONTH BEFORE RETIREMENT**

- After checking of all Pension papers, application, calculation sheet and the documents as received from the Head of Office / Appointing Authority, the Pension Cell shall issue PPO and authority for Gratuity and communicate the same to the employee, and DDO as well as the appointing authority.
- A System Driven Replica of the PPO shall be automatically posted to the Central Server in real time basis.

### Annex 3: Proposed Guidelines for Pensioners

- **Timely submission of Claims:** As processing, verification and authorization of pension claims involve several levels and one or more offices who would be performing these function in addition to their routine responsibilities, pensioners need to submit claims in the prescribed proforma (Application form 1) for grant of pension / gratuity / commutation / revision to Head of Office well in advance so that the Pension Payment Order (PPO) is issued in time and reaches employee through the Head of Office before retirement.
- **Verification of PPO:** As soon as one receives the PPO, please verify within 7 days the pensionary awards notified in the PPO for correctness as per extant rules. In case of any correction(s) required in the PPO, contact the Head of Office / Accounts Office / Pension Disbursing Authority for necessary action in this regard.
- **Physically and Mentally Handicapped Children:** If there is any physically or mentally handicapped child / children, the details should be furnished to the Head of Office for making an endorsement in the service and pension record of the employee and obtain an acknowledgement of this intimation.
- **Transfer of Pension Account:** If one desires to draw pension from another Accounts Office located elsewhere in the same or other district, notify the current Pension Disbursing Agency (PDA), the Accounts Office for transfer of pension account to the PDA from where one now wishes to draw pension.
- **Commutation of Pension:** Commuted portion of pension is required to be reduced from pension from the date of payment of the commuted value of the pension or after three months from the date of issue of PPO or from the date, capitalized sum is credited to the pensioner's account. If the commuted portion of pension is not reduced as above, bring this to the notice of the Accounts Office immediately to avoid a heavy recovery later.
- **Restoration of Commuted Pension:** Commuted portion of one's pension can be restored after 15 years from the date of receipt of the commuted value of your pension, based on the application. Apply for the same to the PDA in the prescribed form.
- **Nomination for Life Time Arrears:** Ensure to nominate the person to whom pensioner wants to authorize for Life Time Arrears (LTA) in case of the event of demise of the employee or pensioner. The nomination form should be submitted to the Head of Office in case of being in employment and to the Accounts Officer in case of retired pensioners. One can always change the nomination by submitting a change nomination form to the appropriate authority to avoid any hardship to the nominee in receiving the amount of LTA.
- **Loss of PPO:** Notify the Accounts Office immediately if the PPO is lost. One should also request the Head of Office to furnish a loss certificate to the concerned authority to obtain a duplicate copy of PPO.
- **Annual Identification:** For annual identification, one should appear before the Accounts in the month of July every year. In case, one is unable to appear due to bodily illness or infirmity and desire the payment through a representative, produce a life certificate to the AO. Otherwise, the pension may be stopped.
- **Post-retirement Conviction/Imprisonment:** If a pensioner is convicted or sentenced to imprisonment by a Court, her pension will be suspended. In the event of conviction / imprisonment by a court of law, full facts of the case should be reported to the Accounts Office / Head of Office.
- **Changes in the family after discharge from service:** Post discharge changes in the details of one's family arising out of one's marriage or children born to pensioner after the retirement should be intimated to the Head of Office and Accounts Officer with full details and relevant certificates. Also ensure that a joint notification of the family pension is done by pursuing the matter with the Head of Office.
- **Re-employment of pensioners:** In case of re-employment in any Government / autonomous bodies / Public Sector Undertakings, submit the full facts of the same to the Accounts Officer immediately after its occurrence. In case of non-reemployment, a declaration to this effect should be given to the AO periodically (once in a year in the month of July positively).
- **Payment of pension through Authorized Banks:** Pension cannot be paid in cash. Hence open an individual savings / current account in name or a joint account with one's spouse, if the spouse's name is notified for family pension in the PPO, in any of the branches of the Authorized Banks and furnish the details of the same to the Head of Office / Accounts Office so that pension can be credited to the bank account.

- **Receipt of Two Pensions:** If a pensioner is in receipt of more than one pension, one should furnish full details to the Accounts Officer for revision of both the pensions.
- **Submission of Periodic Certificates:** Submit periodic certificates regarding re-employment / employment, remarriage / marriage to the Accounts Officer on due dates in order to regulate the pension correctly.
- **Arrear of Pension:** If the pension is not drawn for more than a year, for any reason, it becomes time-barred and would require the sanction of the competent authority. The arrear claim should be submitted in the prescribed form to the AO with explanation for delay, non-reemployment and non-conviction certificates for obtaining the sanction for payment of the arrears.
- **Non-Resident Bangladeshis (NRB) Pensioners:** The NRB Pensioners should open an ordinary nonresident bank account in any scheduled bank and execute a power of attorney in favor of the bank as required. They should also submit life certificate and nationality certificate as prescribed to enable the credit of pension amount due to them in to their accounts.

**Annex 4: Bangladesh Post Office: Process Automation of Postal Department Project**

<b>iBAS rolled-out to Postal Office and the 56 Head Post Offices:</b>
<ul style="list-style-type: none"><li data-bbox="204 310 1417 506">• The Bangladesh Post Office (BPO) “Process Automation of Postal Department” Project aims at delivering modern postal services at postal counters, postal treasury, postal mail centers, post office savings bank and postal life insurance using customized software and modern technologies. The proposed web-based application software will have Post Office Counter Automation, Automation of Post Office Treasury and Sub-account, Delivery System and Performance Analysis, and Accounting Information and other Information Flow modules.</li><li data-bbox="204 548 1417 772">• The software has so far been implemented in 4 General Post Office (GPO); 67 Head Post Office (HO); 12 Mail Sorting Office (MSO); and 1 Airport Sorting Office (APSO). All the offices under this project have to be connected to a central server to get full facilities of the automation software. Bangladesh Telecom Company Limited (BTCL) has conducted a survey for a Wide Area Network (WAN) for establishing optical fiber line to interconnect all postal offices with expectation to be completed by end of this year. Tender has been floated for establishing Local area network (LAN) for each administrative office.</li></ul>

## Annex 5: Bangladesh Computer Council Connectivity Backbone (BanglaGovNet)

**Bangladesh Computer Council (BCC) has already invested substantially on a countrywide fiber optic backbone and is in the process of establishing new data centers and developing National Enterprise Architecture (NEA) and e-Government Interoperability Framework (e-GIF), as a part of Digital Bangladesh program (2010-2015).**

- The current infrastructure may not be able to support approximately 60,000 potential users up to district level. BanglaGovNet has connected 64 districts and 487 Upazilas with the Fiber Optic. The FD can benefit from this infrastructure to solve ICT connectivity issues and avoid substantial duplicate investment on iBAS++ ICT infrastructure.
- **Finance Division should avoid building parallel network, by considering the tier-3 National ICT Centre (NICTC) at Bangladesh Computer Council (BCC) for Infrastructure as a Service (IaaS) as a shared platform.** The BCC data center is connected through the National Telecommunication Transmission Network (NTTN) with back up at the Prime Minister (PM) Secretariat. Redundant lines are available up to the district level through NTTN. There is also leased line available to ensure redundancy. There is a disaster recover site in the Jessore District with plans for a government cloud.
- In order to ensure secure data transmission, BCC is also planning to move government from internet to intranet. Under the ICT Division an office of the Controller of Certifying Authority (CCA) is established that has 7 security certified experts who can issue digital certificates including Secure Sockets Layer (SSL) for encryption. The NID has hosted their servers in BCC facility. BCC is in process of developing a Tier 4 data center at Gazipur District funded by a Chinese bank that will be certified by the Uptime Institute.