Red Flags & Anti-Fraud Measures in Pension Payments

Indian Audit & Accounts Department

Regional Training Institute

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FOREWORD

The offices of the Drawing & Disbursing Officers, Treasuries and the Accountants General are the three corners of the pyramid of pension processing and payment. The pensioner, who is in the middle of this structure, is a definite beneficiary if there is a close co-ordination between these organizations. This is also a key requirement for achieving the objectives enshrined in the Citizens' Charters of the respective organisations.

While the system has been time tested and working well over a period of time, the incidences of double/over payment, failure to verify the authenticity of the recipients, though not common, would necessitate a review and strengthening of key controls at all levels. Though computerization at all levels has greatly facilitated in timely processing/payment of the benefits to the retired government servants, flaws in these systems could trigger the fraudulent schemes.

In fulfillment of this gap and in pursuance of this institute's endeavor to develop a comprehensive set of anti-fraud tool kits for different scenarios, this paper, namely, 'Red flags and anti-fraud measures in pension payments' has been brought out. Shri PP Ghare, Core Faculty of this institute had worked hard on the lines directed from time to time in bringing out this paper. I place on record my appreciation for his sincerity and commitment.

It may be noted that the preventive measures suggested in the paper are primarily based on the Maharashtra Civil Services (Pension) Rules and Maharshtra Treasury Rules, which would obviously vary from State to State. Nevertheless, their spirit and objectives remain the same everywhere.

All such products brought out by the institute (details at the back cover of this booklet) in the past have been well received by our user offices, sister institutes and other filed offices. I hope that the readers would find this product too useful. Their comments, if any, will help us in future attempts.

RTI, Nagpur
August, 2009

Dr. Sadu Israel
Principal Director

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Red Flags (Fraud Indicators)	Anti-Fraud Measures	
	Preventive	**Detective**
1. Maintenance of Service Book		
1.1 Date of birth corrected to the advantage of an employee.	1. As per provisions, an employee can apply for correction to the date of birth within five years from the date of his/her appointment. 2. Correction that occasioned due to a clerical error and lapse of administrative Ministry/Department should be attested by the competent authority.	1. Segregate the service books containing corrections made to the dates of birth of (advantageous to) the employees. 2. Verify in each case whether a request was received within five years after the date of appointment. 3. Ascertain whether the corrections necessitated due to lapse of the administrative department and they were attested by competent authority and comment accordingly.
1.2 Entries about medical fitness and date of appointment of employee not sighted.	The service of the government servant will be reckoned pensionable only if he is medically fit. Administration should keep the certificate in safe custody.	1. Segregate the service books in which entry about medical fitness and dates of appointment were not sighted. 2. In other cases, verify whether medical certificates in original were kept in the custody of the Head of the Office or personal files of employees.

		3. Verify whether relaxation if any, from producing medical fitness was obtained from competent authority. 4. Check the date of appointment from the appointment order in original. 5. Comment on the cases of deviation, if any.
1.3 Employee's age exceeded the prescribed age limit at the time of appointment.	As per rules persons fulfilling the prescribed age limit to the post only can be appointed.	1. Create a spreadsheet showing post-wise names of employees and their dates of birth. 2. Create a column to indicate the 'age prescribed to the post' against dates of birth. 3. Create another column 'overage-yes/no' i.e. next to the date of birth column. 4. Using the following MS Excel formula bring out whether the employee was over aged or not at the time of appointment.
1.4 Entry in the service book about confirmation in service not sighted but the case has been processed for payment.	Service of govt servant becomes pensionable from the date of appointment when declared confirmed.	1. Segregate the service books in which entry about confirmation of employees were not sighted. 2. Verify whether the employee was considered for confirmation and orders issued and comment in case of deviations, if any.

2 *Calculation of Qualifying Service.*		
2.1 Extra Ordinary Leave (EOL) considered for calculating the qualifying service, but grounds for sanctioning the same was not recorded but the EOL was considered for calculating qualifying service.	EOL taken on private grounds, period of overstayal of leave, joining time are not to be considered for calculating qualifying service.	1. Verify from the sanction orders the grounds on which the employee availed the EOL. 2. Verify how the periods overstayed of joining time/leave was regularised by competent authority and comment in case of deviations, if any.
2.2 Entry not made regarding regulation of suspension period with date and period.	As per rules, suspension period treated as such or regulated as EOL will not reckon for qualifying service.	1. Select the service books of the pensioners suspended during the period of inspection. 2. Verify from relevant records how the periods of suspension was regularised. 3. Verify whether any penalty was imposed and it's effect on pensionary benefits in terms of qualifying service and recovery, if any and comment accordingly.
2.3 Date of appointment on daily rated/work-charged establishment not found, but the case has been processed.	As per provisions, minimum five years service on daily rated or work charge establishment is needed for taking on Converted Regular Temporary (CRT) and for appointment on supernumerary post (in respect of forest department).	1. Sort the service books in which date of appointment on daily rated/work-charged establishment were not recorded. 2. Verify from service rolls and Nominal Muster Rolls the date of appointment of such employees. 3. Comment on the cases of deviation, if any.

2.4 Date on which appointed on Converted Regular Temporary (CRT) establishment not indicated.	As per provisions, half service from the date of appointment on daily rated/work charge and date of appointment on CRT establishment is counted for qualifying service and this date must be indicated in the service book.	1. Select the service books of employees appointed on CRT basis. 2. Verify whether the date of appointment on CRT establishment was indicated. 3. Check from the proposal the names of daily rated/work charge employees sent to Administrative Department for appointment on CRT establishment. 4. Check the names that were proposed as per gradation list maintained for daily rated/ work charge employees. 5. Check the names and date of appointment sanctioned by the department and comment accordingly.
2.5 Entry about full time appointment in respect of Non Government Primary Schools/ Non Government Secondary Schools/ Non Government College teachers missing, but the pension case has been processed.	As per provisions qualifying service starts from the date of appointment as full time teacher and this date must be indicated in the service book.	1. Sort the service books in which dates of appointment as full time teachers were not recorded. 2. Verify whether the appointment had been approved by the competent authority and comment accordingly.

2.6 Entry about date of recognition and grant-in-aid commencement of NGPS/NGSS/NGC was not indicated, but the case has been processed.	As per provisions, qualifying service starts from the date on which the institution was recognised and aided by government and the same should be indicated in the service book.	1. Verify the date of recognition and grant-in-aid commencement of the concerned school/college. 2. Compare these dates with the date from which qualifying service started in respect of the pensioner/s and comment accordingly
2.7 A period of over one year break in service was condoned and counted for qualifying service.	1. Competent authority can condone maximum six breaks in entire service limited to two years, and no spell should be for more than one year. 2. The period of breaks condoned is a non qualifying service. 3. As regards break on account of strike, suitable certificate about break condoned will not affect past service is to be recorded.	1. Select the employees retired in whose cases break in service was condoned. 2. Verify from their records whether the total number of breaks exceeded six and the spell of break condoned exceeded one year and comment accordingly
2.8 A Case of non-technical resignation has been processed. (A resignation is considered as a technical resignation, if	Resignation, if the post resigned from was not applied for initially through proper channel, results in forfeiture of past service. Therefore the employee is entitled for terminal benefits only and not pension.	1. Select the list of employees resigned from their service. 2. Verify from their records about the nature of resignation. 3. If the resignation was technical, verify whether service rendered previously was

an employee working in an organisation applies for a post in a different organisation through proper channel and resigns from there subsequently).		pensionable. 4. Comment in case of deviations, if any.
2.9 A case of an employee on foreign service was processed but relevant entry in the service book about recovery of pension/leave salary contribution was not sighted.	Service rendered on foreign service shall not count for pension unless pension contribution and leave salary contribution is recovered.	1. Select the list of employees retired who were on foreign service. 2. Verify whether the employees opted for counting foreign service for pension. 3. Verify whether the service book and proposal for reporting of rate of pension/leave salary contribution was sent to the concerned A.G. office. 4. Check from conditions whether it warrants sending the contribution to A.G. 5. Comment on the cases of deviation, if any.

3. Calculation of Average Emoluments		
3.1 Entry about verification of pay by Pay Verification Unit / Sr.Auditor Zilla Parishad / Higher Education not sighted, but the case has been processed.	1. Authenticity of correctness of pay fixation could be ensured from the certificate of pay verification unit. 2. A pensionable pay calculation during the last ten months average emoluments depends on the above information.	1. Segregate the service books of retired employees and verify whether pay verification by Pay Verification Unit / Sr. Auditor Zilla Parishad/Higher Education was done. 2. Ascertain the reasons for not sending service books to pay verification unit. 3. Comment on the cases of deviation, if any.
3.2 Certificate of competent authority about continuation to officiate in higher post but for proceeding on leave not sighted.	Pay drawn at higher rate in officiating post cannot be considered for the purpose of last ten months average emoluments in absence of a certificate.	1. Segregate the service books in which certificate of competent authority about continuation to officiate in higher post but for proceeding on leave was not taken. 2. Verify whether the employee was reverted to his post. 3. Comment on the cases of deviation, if any.
3.3 Increments not postponed due to EOL taken on private grounds/ suspension period treated as such.	As per rules of pay fixation, the date of increment is postponed by the number of days of EOL taken on private grounds / suspension period treated as such or regulation of period of overstayed leave/joining time.	1. Segregate the service books in which the employees availed EOL on private grounds/overstayed joining time/leave and period of suspension is regularised as EOL. 2. Verify whether the increments were postponed to the extent period was regulated as EOL.

		3. If such leave had fallen during the last ten months even if availed on medical grounds, the period is excluded and equal period prior to spell with pay is considered for the calculation of average emoluments. 4. Comment on the cases of deviation, if any.
3.4 Average emoluments calculated on the basic pay opted in foreign service.	When a Govt. servant proceeds on foreign service opting pay and allowances of foreign employer, the pay which he would have drawn in parent post from which he proceeded on foreign service would reckon for average emoluments.	1. Segregate the service books of Government servants retired while on foreign service. 2. Verify entries in service books whether leave salary/pension contribution was recovered from government servant. 3. Verify pay reckoned for calculation of average emoluments. 4. Comment on the cases of deviation, if any.

4. Categories of pension		
4.1 Superannuation pension		
4.1.1 A government servant retired after age of superannuation, but no reasons recorded.	1. As per provisions, a government servant will retire on the last working day of month if the date of birth is other than the first day of the month or on the previous day of the month, if date of birth happens to be first day, in which he/she attains age of superannuation. 2. In exceptional circumstances, extension is given by competent authority and reasons are recorded in the service book.	1. Segregate the service books of employees retired after the date of superannuation. 2. Verify if extension in service was granted by government with the reasons recorded in writing. 3. Verify whether the retirement was as per the post in which the employee officiated at the time of retirement. 4. Comment on the cases of deviation, if any.
4.2 Retiring Pension		
4.2.1 Date of serving three months notice by government or payment of three months pay and allowances in lieu of notice not indicated in the service book.	As per rules, government can retire a gazetted and non gazetted employee on attaining the age of 55 years/55 years by giving three months notice or three months pay and allowances in lieu of three months notice.	1. Segregate service books of employees retired by government by giving three months notice or payment of three months pay and allowances in lieu of notice. 2. Verify whether such employees were 50 years of age (in respect of gazetted govt servant entered service before age of 30 years).

		3. Verify whether such employees were 55 years of age (in respect of non-gazetted Govt. servants). 4. Or in both cases mentioned above, the employees had rendered 30 years qualifying service. 5. Comment on the cases of deviation, if any.
4.2.2 Entries about adjustment of three months pay and allowances from encashment of three months leave salary not sighted.	As per rule the amount paid towards pay and allowances in lieu of three months notice given to employee for retirement should be adjusted from encashment of leave salary.	1. Segregate service books of employees retired by government by giving three months notice or payment of three month pay and allowances in lieu of notice. 2. Verify whether the amount paid in lieu of notice was deducted from encashment of leave salary. 3. Comment on the cases of deviation, if any.
4.2.3 The date of three months notice served by an employee was not indicated in the service book.	1. As per rules, a gazetted govt. employee can serve three months notice of retirement after attaining 50 years of age or 30 years qualifying service and 20 years qualifying service. 2. A non gazetted employee can retire by serving three months notice after	1. Segregate service books of employees retired by giving three months notice. 2. Verify whether 90 days period was calculated by excluding the date of serving the notice and retired on the next day of completing 90 days. 3. Verify whether sanction of competent

	attaining 55 years age or after completing 30/20 years qualifying service.	authority was obtained in all such cases. 4. Comment on the cases of deviation, if any.
4.2.4 A government employee under suspension allowed to retire voluntarily and the case has been processed.	As per provisions a government servant under suspension will not be allowed to retire voluntarily by the competent authority.	1. Segregate service books of employees under suspension who were allowed to retire voluntarily and processed the cases. 2. Comment on the cases of deviation, if any.
4.2.5 Entry about net qualifying service after 20/30 years and notice served after attaining age of 50/55 years age not indicated.	1. As per provisions the employee can serve notice of voluntary retirement after completing 20/30 years of qualifying service or attaining age of 50/55 years. 2. The net qualifying service should not fall short of 20/30 years.	1. Segregate service books of employees who were allowed to retire voluntarily after attaining age of 50/55 years or completion of 30/20 years. 2. Verify whether the notice was served after attaining age of 50/55 years or completion of 30/20 years attaining age of 50/55 years age. 3. Verify whether the net qualifying service was more than 20/30 years. 4. Comment on the cases of deviation, if any.

4.2.6 Medical certificate in respect of an employee allowed to retire on medical grounds was not sighted.	1. As per rules, the employee should indicate the grounds for voluntary retirement in three months notice. 2. Concerned Head of the Office should obtain necessary medical certificate. 3. Head of the Office should ensure that he/should not be considered for invalid pension.	1. Segregate service books of employees who were allowed to retire voluntarily on medical grounds. 2. Verify the documents submitted with the notice. 3. Verify whether there was any variation in the admissible class of pension and the class of pension actually sanctioned. 4. Comment suitably.
4.3 Invalid Pension		
4.3.1 Entry about nature of invalidation of govt. employee not recorded in the service book.	1. As per rules, a government servant physically or mentally unfit for performing duty will be retired on invalid pension on the basis of medical certificate issued by Civil Surgeon/Medical Board. 2. Such employee needs to be relieved within seven days from the date of medical certificate. 3. Head of the Office should direct employee officially to Civil Surgeon/Medical Board.	1. Segregate service books of employees retired on invalid pension. 2. Verify whether the employee was officially directed to Civil Surgeon/Medical Board. 3. Verify the medical certificate in original and ascertain the action taken by the Head of the Office. 4. Verify whether the Govt. servant was relieved within seven days from the date of certificate. 5. Comment on the cases of deviation, if any.

4.4. Compulsory Retirement Pension		
4.4.1 Entry about compulsory retirement as a measure of penalty is not taken in the service book, but the case has been processed.	As per the provisions, a government employee retired compulsorily as a measure of penalty is entitled to receive not less than 2/3 of invalid pension after receipt of sanction from the appointing authority issued on the basis of admissibility report issued by the Accountant General.	1. Segregate service books of employees retired compulsorily. 2. Verify whether retiring pension was noted as compulsory retirement. 3. Verify whether sanction was issued by appointing authority. 4. Verify whether the sanction was issued on the basis of admissibility report issued by the A.G. 5. Verify compulsory retirement interpreted as compensation/ compassionate pension. 6. Comment on the cases of deviation, if any.
4.5. Compassionate Pension		
4.5.1 Event that necessiated sanctioning compassionate pension not recorded in the service book.	1. As per the provisions, competent authority can sanction compassionate pension to a govt. servant who has been removed from service followed by imposition of a major penalty. 2. This kind of pension is sanctioned in exceptional cases considering the past performance of an employee.	1. Segregate service books of employees to whom compassionate pension was sanctioned. 2. Verify whether proposal for admissibility report was sent to the Accountant General Office. 3. Verify whether the administrative department accorded the sanction.

	3. Pension should not be more than 2/3rd and less than 1/3rd of invalid pension.	4. Verify whether compassionate pension was treated as compulsory/ compensation pension. 5. Comment on the cases of deviation, if any.
4.6. Compensation Pension		
4.6.1 Particulars of Govt. order that resulted in abolishing the post were not recorded in the service book, but the case has been processed for compensation pension.	1. Compensation pension is granted to a Govt . servant whose post is abolished by the Govt. as a policy decision. 2. The Govt. offers employment in the post of similar status, if available or offers a lower post carrying lesser pay. 3. The Govt. employee has option to take compensation pension, if not willing to accept appointment to a lower post. 4. The details of the Govt. order and the correspondence made with the Govt. servant are recorded in the service book.	1. Segregate service books of employees to whom compensation pension was sanctioned. 2. Verify whether procedure for sanction of compensation pension was observed and the particulars are recorded in the service book. 3. Verify whether this kind of pension was not treated as compassionate/ retiring/ compulsory retirement pension. 4. Comment on the cases of deviation, if any.

4.7 Family Pension		
4.7.1 Name/s of the eligible family member/s recorded in the service book and the particulars given in the authorisation differ.	1. As per the provisions, the employee should give details of family members. The list of family members should be pasted in the service book for speedy settlement of retirement benefits. 2. Head of the Office should recommend authorisation in favour of the eligible family member/s only. 3. Issue authorisation in favor of the eligible family member/s recorded in the nomination/service book only.	1. Scrutinise the service books of family pensioners to verify whether details of family members, their relationships with employee, their dates of birth, marital status was recorded and their family photographs are pasted in the identification documents. 2. Compare the names given in the authorities with those recorded in the nominations/service books. 3. Comment on the cases of deviation, if any.
4.7.2 Nomination pasted but not signed by witnesses and accepted by Head of the Office.	As per the rules, the nomination should be signed by witnesses and duly accepted by the Head of the Office with dated signature.	1. Segregate service books of employees whose nominations were not signed by Head of the Office in token of acceptance. 2. Ascertain the reasons for non compliance and comment on the deviations, if any.
4.7.3 Nomination exercised in favor of more than two wives.	1. As per the rules, the first legally wedded wife is eligible to receive family pension. 2. As per Hindu Marriage Act, 1955, the second marriage, when first wife is alive is null and void.	1. Segregate the cases with nominations that were given in favour of more than two wives. 2. Verify the records obtained by Head of the Office to establish the identity of the first wife.

	3. Judicially separated wife/husband (not on the grounds of adultery) is eligible to receive family pension. 4. Divorced wife / husband is not eligible to family pension. 5. Family pension is not payable from the date of remarriage. 6. In case of Muslims, family pension is paid to wives in equal shares. 7. In case of death of widow, her share will be paid to eligible sons/ daughters. 8. In cases where there is no one to receive family pension, the share of such widow will not lapse but will be payable to other widows or her eligible sons/daughters in equal share.	3. Comment on the case of deviations noticed, if any.
4.7.4 Family pension paid to sons/daughters of deceased wives in unequal shares	As per the provisions, family pension is authorised to the eligible sons/daughters in equal shares.	1. Segregate the cases in which family pension was paid to sons/daughters in unequal shares. 2. Verify the details of sons /daughters borne out of each widow separately. 3. Verify whether family pension was paid as per provisions. 4. Comment suitably in case of deviation.

4.7.5 Family pension authorised in favor of the children of deceased first wife and legally wedded second wife in shares.	1. As per the provisions, family pension is to be authorised to legally wedded wife. 2. However the eligible sons/daughters of both wives are entitled to family pension in equal shares after the death of second wife.	1. Segregate the cases in which family pension was paid to sons/daughters of deceased wife and legally wedded second wife in shares. 2. Verify whether family pension was paid as per provisions. 3. Comment suitably in case of deviation, if any.
4.7.6 Family pension recommended in favor of a 25 years old son.	As per the provisions, family pension is to be authorised to son up to the date of attaining age of 21 years only.	1. Segregate the cases in which family pension recommended in favour of a 25 years old son. 2. Verify whether family pension was paid as per provisions that is after verification of his age on the date of death of parents. 3. Comment suitably in case of deviation, if any.
4.7.7 Family pension recommended in favor of a working son.	As per the provisions, family pension can be authorised to a son up to the date of starting earning and/or date of marriage whichever is earlier.	1. Segregate the cases in which family pension recommended in favour of a working son. 2. Verify whether family pension was paid as per provisions i,e after verifying the date of starting earning or marriage on the date of death of parents. 3. Comment suitably in case of deviation, if any.

4.7.8 Family pension recommended in favor of a married daughter.	As per the provisions, family pension can be authorised to daughter up to date of attaining 24 years or the date of starting earning or up to the date of marriage whichever is earlier.	1. Segregate the cases in which family pension recommended in favour of a married daughter. 2. Verify whether family pension was paid as per the provisions i,e after verifying the date of commencement of earning or marriage on the date of death of parents, which is earlier. 3. Comment suitably in case of deviation.
4.7.9 Family pension recommended in favor of the youngest son/daughter.	As per the provisions, family pension can be authorised to eligible sons/daughters in the order of their age and the youngest will receive his/her share at the last.	1. Segregate the case in which family pension recommended in favor of the youngest son/daughter. 2. Verify whether family pension was paid as per provisions i,e after verifying the age of sons/daughters on the date of death of parents. 3. Comment suitably in case of deviation
4.7.10 Sanction of Administrative Department for payment of family pension in respect of absconded govt. servant not sighted.	As per rules the head of the office should send the proposal to Administrative Department for sanction of family pension in respect of absconded govt. servant along with first information report, search report of police, indemnity bond etc., after one year.	1. Segregate the case in which family pension in respect of absconded govt servant has been sanctioned. 2. Verify the sanction and supporting documents are in order. 3. Comment suitably in case of deviation.

4.7.11 Family Pension sanctioned from the date of absconding at enhanced rate.	1. Family pension at normal rate is payable for seven years from the date of the First Information Report. 2. After seven years when the death of absconded government servant is established, family pension at enhanced rate is sanctioned.	1. Segregate the cases in which family pension in respect of absconded Govt. servants and ascertain whether pension had been sanctioned from the date of absconding. 2. Verify whether the sanction is in order as per provisions. 3. Comment suitably in case of deviation.
4.7.12 Death gratuity sanctioned at the double rate.	Retirement gratuity is admissible and death gratuity is payable after seven years from the date of first investigation report when the Government servant is declared dead.	1. Segregate the cases in which death gratuity has been sanctioned in respect of absconded govt servant. 2. Verify whether the sanction is in order as per provisions. 3. Comment suitably in case of deviation.
4.7.13 Medical certificate of mentally retarded / physically handicapped son/daughter not found attached with the family pension case.	1. As per provisions a mentally retarded / physically handicapped son / daughter of deceased Government servant is eligible to receive family pension for lifetime. 2. Family pensions can be authorised on the basis of medical certificate from Civil Surgeon/Medical board bringing out the facts of mental/ physical	1. Segregate the cases in which family pension was paid to mentally retarded/physically handicapped sons/daughters. 2. Verify whether intimation about mentally retarded /physically handicapped child/children was given by Government servant and kept on file. 3. Verify whether medical certificate in

	disability preventing him/her to earn livelihood. The Head of the Office should also satisfy about the disability and certify in the proposal. 3. If there are more than one such disabled son/daughter, the eldest among them will receive family pension first.	support of mental/physical disability was obtained from appropriate medical authority. 4. Check whether his/her name was included in nomination/family details. 5. Comment if deviations noticed.
4.7.14 Affidavit about guardian and indemnity bond not found attached with the family pension case authorised to mentally retarded/physically handicapped son/daughter.	1. Family pension to physically handicapped son/ daughter who could not move is payable through guardian on production of indemnity bond and affidavit about guardian duly registered. 2. Similarly, family pension to mentally retarded son/daughter is payable through guardian on production of indemnity bond and affidavit about guardian duly registered.	1. Segregate the cases in which family pension was paid to mentally retarded/physically handicapped sons/daughters. 2. Verify whether intimation about mentally retarded /physically handicapped child/children was given by the Government servant and kept in file. 3. Check whether the name was included in nomination/family details. 4. Verify whether requisite documents such as indemnity bond and affidavit about guardian duly registered were obtained. 5. Comment if deviations noticed.

4.7.15 Family pension authorised to the youngest mentally retarded / physically handicapped son/daughter.	Family pension to eligible normal sons/daughters will be paid first as per seniority according to their age as on the date of the event. After that the physically handicapped/mentally retarded sons/daughters will receive family pension.	1. Segregate the cases in which family pension was paid to mentally retarded/physically handicapped sons/daughters. 2. Verify the age of sons/daughters from nomination/details of family members on the date of event. 3. Comment suitably.
4.8. Commutation of pension		
4.8.1. Commutation of pension allowed but the dates of application for commutation by the pensioner and the date of acknowledgement by the Head of the Office were not sighted.	1. As per the provisions, pensioner can apply for commutation of pension in Form B if he desires to receive amount of commutation with pension. 2. The application should be made three months before from the date of superannuation. 3. The pensioner can apply in Form A for commutation within one year from the date of retirement. 4. The commutation becomes absolute from the date of acknowledgment of application by the Head of the Office.	1. Segregate the cases of commutation which were accepted and paid. 2. Verify whether the date of application and date of acknowledgment were within the permissible limits. 3. Comment suitably.

4.8.2 Commutation of Pension proposed/authorised on the basis of application for commutation in Form C along with medical report in Form E submitted directly.	1. Application for commutation of pension after one year is applied in Form C. 2. Employees retired on Invalid Pension, Compassionate pension, Compulsory Retirement as a penalty should also apply in Form C 3. As per procedure the application is sent to A.G.Office duly signed by pensioner and Head of the Office. 4. Admissibility report with commuted value admissible on the age falling on consecutive next birth date of three years is sent to Head of the Office. 5. In turn the Head of the Office directs the govt servant to Medical Board to certify the age on the basis of health. 6. On receipt of medical certificate in Form E, appropriate commuted value corresponding to the age as certified by medical board will be authorised. 7. Medical certificate obtained by the Govt. servant directly approaching board cannot be considered. 8. Application becomes absolute on the date medical board signs the certificate.	1. Segregate the cases in which commutation for pension was paid on Form-C, accompanied by medical certificate in Form-E. 2. Verify whether all provisions were observed and comment on deviations, if any.

4.8.3 Provisional pension commuted, but authority of Accountant General for commutation not sighted.	1. As per the provisions, a pensioner can apply for commutation of provisional pension to the Head of the Office. 2. The Head of the Office should send the proposal to A.G. office for issuing authority. 3. A note to that effect needs to be taken in service book and pension papers. 4. The Head of the Office cannot draw such commuted value by presenting bill to treasury without authority from A.G. 5. Treasury Officer (TO) should refuse such claims, if any.	1. During treasury inspection, segregate the cases from register of commutation of provisional pension. 2. Verify whether commuted value paid was supported by appropriate authority from A.G. office. 3. Comment accordingly.
4.8.4 Amount of monthly pension not reduced from effective date of commutation.	As per provisions, the treasury office should reduce the monthly pension by a fraction of pension commuted from the date of payment of commuted value or after 3 months from the date of issue of authority, whichever is earlier.	1. During treasury inspection, segregate the cases from register of pension payment in which the monthly pension was not reduced by the fraction of pension commuted. 2. Verify whether provisions were observed. 3. Comment accordingly.

5. Interest on delayed payment of pension.		
5.1 Sanction for interest on delayed payment of pension from the date of commencement of pension received from the department.	1. As per provisions, the interest on delayed payment of pension is admissible after six months from the date of commencement. 2. The head of the office should forward the proposal to A.G. office through administrative department. In turn A.G. office will issue admissibility report. 3. Administrative department will issue sanction order.	1. Segregate the cases in which interest on delayed payment of pension was sanctioned. 2. Verify the date from which interest was calculated. 3. Comment, if deviations noticed.
5.2 Sanction for payment of interest on total amount of delayed pension received from the department.	As per provisions, interest on delayed payment of pension is calculated on the average of progressive total of monthly pension.	1. Check whether amount of interest calculated was in accordance with the procedure. 2. Comment, if deviations noticed.

6.Other important issues		
6.1 Note of adjustment of provisional pension/ gratuity not recorded in the authority.	1. As per provisions, the Head of the Office can sanction provisional pension for the first six months and provisional gratuity, if delay in settling the case is anticipated. 2. Such provisional pension should be sanctioned before the case is forwarded to the A.G. Office by taking the entries in the service book and pension papers.	1. Obtain the register of provisional pension/gratuity register in treasury/sub-treasury. 2. Verify whether appropriate adjustments were carried out in the authorities issued. 3. Check from Head of the Office about the date of forwarding the case to the Accountant General Office. 4. Comment on the deviations, if any.
6.2 Register of recovery from pension/gratuity not maintained.	1. As per provisions, the TO should maintain a register of recovery in treasury. 2. Entry of recovery be taken in this register and effect the recovery as ordered by the A.G. without entering into any correspondence. 3. It should be ensured that it is credited to the correct head of account.	1. Segregate the cases in which recovery of government dues was ordered for. 2. Verify whether a Register of Recoveries was maintained and entries were made in the register. 3. Check whether recoveries were effected and credited to the correct head of account. 4. Verify whether the pay order was given for net amount only. 5. Comment on the deviations, if any.

6.3 TO released pension in absence of life certificate.	As per provision every pensioner needs to submit "Life Certificate" in the month of November every year to enable Treasury Officer to release pension for the subsequent months.	1. During treasury inspection, verify from Pension Payment Register whether entry regarding receipt of Life Certificate was noted under the initials of Assistant Treasury Officer. 2. Segregate the cases in which the entries were not made. 3. Comment suitably in such cases.
6.4 Treasury Officer released family pension, but details of non-employment certificate from widow/son/ daughter was not found attached.	1. As per provisions, the employed widow is not entitled to receive relief on family pension. 2. The son/daughter is entitled to receive family pension up to attaining age of 21/24 years or up to the date of employment whichever is earlier.	1. During treasury inspection, segregate the cases of family pension from family pension payment register. 2. Verify whether non-employment certificates were produced by the family pensioners. 3. Comment on the cases of deviation, if any.
6.5 A note regarding receipt of medical certificate of mental/physical disability was not found in Pension Payment Audit register in Treasury, but released pension.	As per provisions, medical certificate needs to be submitted to Treasury Officer after every three years to the effect that mental/physical disability continues preventing earning livelihood.	1. Verify during treasury inspection whether medical certificate about disability preventing earning livelihood was obtained from the pensioners. 2. Comment in case of deviation, if any.

6.6 The amount of pension released after the date of death of Govt. servant due to late intimation was not refunded by the banks authorised for disbursement of pension.	As per provisions, T.O. should immediately take steps to recover the amount of pension lying with the banks after the date of death of pensioner for crediting it in Government Account.	1. During treasury inspection, segregate the cases from Pension Payment Register where pension was released. 2. Obtain a list of pensioners died and compare the dates of release of pension in these cases. 3. Verify whether there were any cases where pension was released to the banks after the death of the pensioners. 4. Verify whether action was taken to recover the amount of pension from banks. 5. If recovered, verify whether there was any delay in crediting amount in the Government account. 6. Comment suitably in such cases.
6.7 Treasury Officer resumed pension undrawn for one year after identification.	As per provisions, Treasury Officer should obtain sanction from pension sanctioning authority through A.G. before resuming pension.	1. During treasury inspection, segregate the cases from Pension Payment Register where pension was undrawn for one year after identification resumed by TO. 2. Verify whether sanction of pension sanctioning authority obtained through A.G. 3. Comment suitably in cases of deviation.

6.8 Arrears of undrawn pension for Rs 25,000/- paid by TO.	As per provisions the arrears of undrawn pension for more than Rs 20,000/-, cannot be paid without sanction of pension sanctioning authority obtained through A.G.	1. During treasury inspection, segregate the cases from Pension Payment Register where arrears of pension amounting to more than Rs 20,000/- were undrawn for one year after identification by TO. 2. Verify whether sanction of pension sanctioning authority obtained through A.G. 3. Comment suitably in cases of deviation.
6.9 Payment of arrears due in respect of deceased pensioner paid by TO without a valid application.	1. As per provisions, arrears of pension in respect of deceased pensioner can be paid by TO, if applied within one year from the date of death. 2. If application from the legal heirs received after one year, it can be paid by obtaining sanction from pension sanctioning authority through A.G.	1. During treasury inspection, segregate the cases from Pension Payment Register where arrears of pension paid by TO in respect of deceased pensioners. 2. Verify whether valid applications exist from legal heirs and sanction of pension sanctioning authority obtained through A.G. 3. Comment suitably in cases of deviation.
6.10 Treasury Officer resumed pension not drawn for three years.	As per provisions pension in respect of pensioners not drawn for more than three years and political pension* not drawn for six years cannot be resumed without authority from Accountant General.	1. During treasury inspection, segregate the cases from Pension Payment Register where TO resumed pension not drawn for three years/six years. 2. Verify whether it was resumed on the authority of A.G. 3. Comment suitably in cases of deviation.

*Political Pension is payable to unseated Members of Legislative Assembly

6.11 Arrears of undrawn pension for three years/six years paid by TO.	As per provisions, arrears of pension in respect of pensioners not drawn pension for more than 3 years and political pension not drawn for 6 years cannot be paid without sanction of pension sanctioning authority obtained through A.G.	1. During treasury inspection, segregate the cases from Pension Payment Register where TO paid arrears of undrawn pension for 3years/6 years. 2. Verify whether it was paid on the basis of sanction of pension sanctioning authority obtained through A.G. 3. Comment suitably in cases of deviation.
6.12 Disburser's portion of PPO in respect of deceased pensioners where arrears not claimed within one year was not returned to Accountant General.	As per provisions, TO should return disburser's portion of PPO in respect deceased pensioners where arrears not claimed within one year by recording reasons, if known.	1. During treasury inspection, segregate the cases from Pension Payment Register where arrears were not claimed within one year. 2. Ascertain reasons for not returning disburser's portion of PPOs in respect of such cases. 3. Comment suitably in cases of deviation.
6.13 Disburser's portion of PPO in respect of pensioners undrawn for three years/six years and such PPO where pension has been ceased to be	1. As per provisions, TO should return disbursers portion of PPO in respect of pensioners undrawn for three years/six years and such PPO where pension has been ceased to be payable, is to be returned to A.G.	1. During treasury inspection, segregate the cases from Pension Payment Register where disburser's portion of PPO in respect of pensioners undrawn for three years/six years and such PPOs where pension had ceased to be payable, was to be returned to A.G.

payable, was not returned to A.G.	2. The reason for pension remained undrawn may be recorded if, known. 3. TO should record the details of last payment made.	2. Ascertain reasons for not returning disburser's portion of PPOs in such cases. 3. Comment suitably in cases of deviation.
6.14 TO did not return the gratuity authority issued over 12 months ago, but not drawn by the Head of the Office.	As per provisions, TO should return all the authorities of gratuity where payment was not drawn by Head of the Office within one year from the date of issue by recording non payment certificate.	1. During treasury inspection, segregate the cases from the register of gratuity authorities where amount was not drawn by Heads of the Offices within one year. 2. Ascertain reasons for not returning. 3. Comment suitably in cases of deviation.

References

1) Maharashtra Civil Services (Pension) Rules - 1982
2) Maharashtra Treasury Rules - 1968
3) Maharashtra Commutation of Pension Rules - 1984
4) Maharashtra Civil Services (leave) Rule - 1981
5) Maharashtra Civil Services (General Conditions) Rules - 1981
6) Maharashtra Civil Service (Pay) Rules - 1981/1998 and Government resolutions issued from time to time