

Ministry of Education and Cultural Affairs Circular No. 94/06

My No. : 4/Misc 4/49(ii)
Ministry of Education and Cultural Affairs.
"Isurupaya",
Battaramulla.

11th January, 1994

To: All

Provincial Directors of Education/Chief Accountants
Deputy Directors of Education in charge of Divisional Education Offices/Accountants,
Presidents/Registrars/Financial Assistants of Colleges of Education,
Accountants in charge of Payments Section of the Ministry.

Recovery of Loans /Advances under Advances to Public Officers
"B" Account and completion of follow-up Action

01. Object

It has been observed that though various loans and Advances under the Advances to Public Officers "B" Account had been granted by the Ministry of Education and Cultural Affairs and various accounting units under its purview, the provisions of Chapter XXIV of the Establishment Code and Circular instructions issued from time to time by the General Treasury, Public Administration and the Ministry of Education are not being complied with, in

- (1) the recovery of loan instalments ;
- (2) intimating and settlement of outstanding balances of officers on transfer. ; and
- (3) follow up action in respect of loans/advances already granted.

The main object of this Circular is to invite the attention of all Heads of Departments and Institutions on the need to comply with these provisions. The following criteria should be strictly observed in granting loans/advances, in completing follow-up action after granting of such loans/advances and on transfer of officers with regard to advances/loans granted under the Advances to Public Officers "B" Account.

02. Intimation and settlement of outstanding balances of loans/advances of officers on transfers.

Your special attention is invited to Public Enterprises Circular No.89 issued by the Deputy Secretary to the Treasury No. PE/2/000/7(Vol.II) of 22. 10.1993, a copy of which is annexed hereto for easy reference. The instructions contained therein should be strictly adhered to. When an officer is transferred, and released to another Ministry / Department / Station, any balances outstanding on account of advances/loans granted to him should be intimated to the new station forthwith. Before the expiry of one month of the date of transfer, any balance outstanding on account of loans/advances granted to him/her should be settled to his/her previous department by cheque. Action should be taken to enter the outstanding instalments in the relevant salary ledgers or Registers on C.C. 10. It shall be the personal responsibility of the Accountant/Registrar/Financial Assistant in charge of payments to maintain such records and disciplinary action shall be initiated against such person for any neglect on his part. You are kindly requested to refer to Section 1.6 of Chapter XXIV of the Establishment Code.

03. Provisions with regard to proof of the loan / advance been used for the specific purpose for which it was granted.

An officer who has been granted an advance/loan shall produce documents within two weeks of availing of such advance/loan in proof of such loan/advance been used for the purpose for which it was granted. Specially in the case of loans/advances granted for the purchase of land or house and property and loans/advances for the purchase of vehicles, documents in proof of such loan/advance been used for the purpose it was granted shall be produced. Any unused balance of the loan/advance shall be refunded to the Government. On failure to produce such documents in proof of such loan/advance been used for the purpose it was granted, within the stipulated period, the instalment should be doubled and recovered without considering the 40% and 33.1/3% limits of recovery. A penal rate of 5% interest should be added to the interest rate of 7.2% and accordingly interest should be calculated at the rate of 12.2%, and recovered. In addition disciplinary action should be initiated against the officer concerned. Your reference is requested to Sections 3: 1: 1, 3: 1: 2, 3: 1: 3 and 3:2 of Chapter XXIV of the Establishment Code.

04. Approval of no pay leave for officers going abroad for employment or study leave on no pay.

In the case of approval of no pay leave for a public officer going abroad for employment or study leave within the country or abroad the officer concerned shall settle all loans/ advances availed of by him from the Government. When no pay leave is normally approved for an officer the officer approving such leave shall ensure that satisfactory arrangements have been made for the repayment of such instalments due from such officer. For example, if no pay leave is approved for a period of 3 months, it would be desirable if the loan instalments and interest due for such period are recovered in advance before such leave is approved. Reference is requested to Sections 3: 18 and 3: 18: I of Chapter XXIV of the Establishment Code.

05. Officer going on retirement or on the death of an Officer

On the retirement or death of a Public Officer, any outstanding balance on account of advances/ loans shall be reported to the Director of Pensions through the Pension application any outstanding balance on account of advances/ loans shall be deducted in full from the Commuted Pension/Death Gratuity. Any balance remaining to be recovered shall be recovered from the Pension or Widows, and Orphans Pensions as the case may be. Reference is requested to Sections 4:2:4, 4:2:5 and 4:4 of Chapter XXIV of the Establishment Code.

06. Recovery of Instalments from surety/sureties in the case of the Principal Debtor having vacated Post

In the case of a Public Officer who had availed himself of an advance/loan from the Government, having vacated Post, any outstanding balance on account of such loan/advance shall be recovered from the surety/sureties. Any arrears of instalments together with penal interest shall be recovered from the surety. Reference is requested to Sections 4:5 and 4:6 of Chapter XXIV of the Establishment Code.

07. In the case of an officer being permanently released to a Corporation or a Board

A Public Officer shall not be released permanently from Government Service to a Corporation or a Board. Until such time, the balance outstanding on account of loans/ advances availed of by him/her had been settled in full. Reference is requested to Section 4:8 of Chapter XXIV of the Establishment Code.

08. Recovery of any losses to the Government in approving loans/advances.

The Officers authorised to approve loans/advances shall, before such approval satisfy themselves that- -

1. The applicant will use the loan/advance for the specific purpose it was intended ;
2. The full amount of loan/advance could be recovered from the applicant or surtly/ sureties.

If any loss had been incurred due to negligence or delay on the part of an officer approving such loan/advance, such loss shall be recovered from the officer concerned. In addition disciplinary action shall be taken against the officer approving loans/advances for negligence and not discharging his duties properly. Reference is requested to all sub-sections under Section 6 of Chapter XXIV of the Establishment Code.

09. Only one of the spouses is eligible to be indebted

Though both spouses are Government Servants only one spouse shall be eligible for an advance/ loan for the purchase of land or house and property and it shall be paid only once during his/her entire career. If both husband and wife have obtained loans/advance without declaring their marriage one of them should be ordered to refund the advance/loan obtained by him/her. In addition disciplinary action against both officers shall be initiated for availing themselves of loan/advance making false declarations. If they had availed of the loan/ advance before marriage there is no necessity to take action as indicated above. Reference is requested to Section 11.5 of Chapter XIV of the Establishment Code.

10. All documents pertaining to loans/advances to be kept in safe custody

All documents pertaining to loan/advance payments shall be kept in safe custody till the recoveries of loans/advances from the officers who had availed of such advances/loans are completed. The officer who is entrusted with the custody of such documents shall be held responsible for the loss misplacement of such documents. The cost of preparing duplicates of such documents in the case of loss or misplacement shall be charged to the officer in whose custody the documents have been kept.. In the case of an officer who has availed of such advance/loan been transferred to another Department, the documents pertaining to such loan/ advance need not be sent to the Department to which he/she has been transferred but should be filed of record and kept in safe custody in the Department which paid the loan/advance till recoveries in full in respect of those loans/advances held been effected. Reference is requested to Sections 11:14 11:15 and all sub-sections under these Sections of Chapter XXIV of the Establishment Code.

11. Maintenance of Control Accounts and Reconciliation

All accounting units shall maintain a control account in respect of Advances/loans with regard to its office. All Divisional Education Offices shall reconcile their Control Account with the Provincial Department of Education, and the Provincial Departments of Education shall reconcile their Control Account with the Control Account of the Line Ministry of Education to ensure the correctness of their respective accounts every quarter. Every Accounting Unit shall support their accounts, with a list of individual balances in terms of F. R. 506 (d) as at 31st December each year, before the 31st March of the subsequent year which should tally with the Debit balance as at 31 st December of the Ministry Control Account in respect of such Accounting Unit. Failure to comply with this requirement will result in the suspension of the Advances to Public Officers "B" Account of such accounting Units from 01st of April of the relevant year.

12. Conclusion

Please ensure that all officers in your Department/ Office strictly comply with the above explained provisions and sections of Chapter XXIV of the Establishment Code. Also ensure that the Provisions contained in this Circular and the enclosed Treasury Circular are strictly complied with. Kindly acknowledge receipt of this Circular.

N. V. K. K. Weragoda,
Secretary.
Ministry of Education and Cultural Affairs.

Copies to :

1. Auditor General
2. Chief Secretaries of all Provincial Councils-For information
3. Secretaries/Addl. Secretaries of all Provincial Education Ministries -For information
4. Accountant (Internal Audit)- For examination and report whether all accounting units observe these instructions.
5. Directors of Education in charge of Zones -For information
6. Principals of all Schools- For information. Please bring the contents of this Circular to the notice of all members of the staff..