

My No. SW I/SDB
School Works Division,
Ministry of Education, Higher
Education and Cultural Affairs,
"Isurupaya", Battaramulla.

6th December, 1993,

To All: Provincial Secretaries of Education,
Provincial Directors of Education and
Heads of Construction Units.

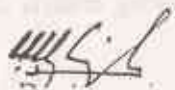
Payment of Advances to School Development Boards
for Construction Works

Treasury, by Circular No. Fin. 322 of August 25, 1993 on the subject of "Award of Contracts to Approved Societies", has approved the award of contracts to School Development Boards upto a value ceiling of Rs. one million. Director General of Public Finance by his letter No. FIN-1077-335-011 dated July 02, 1993 has indicated that the Treasury has no objection to the School Development Boards being paid 30% of the contract amounts as advances without obtaining collateral security.

02. It should be noted that strict compliance with the following requirements is necessary in regard to the payment of advances referred to above.

- (i) 20% of the contract amount may be paid to the School Development Board concerned once the construction agreement is signed. The payment of the advance is conditional on the provision of information by the School Development Board as to how the advance is to be utilised.
- (ii) The next advance of 10% is payable in two instalments of 5% each on the recommendation of the Provincial Director of Education, when sufficient progress in the work is shown.
- (iii) These advances are required to be recovered before the final payment is made and action is necessary in terms of Clause 60 of 'Conditions of Contract for works of Building and Civil Engineering published by the ICTAD. This condition should be indicated in the agreement to be signed with the School Development Board.
- (iv) A separate Register for the payment of advances should be maintained in respect of such contracts, and it is necessary that the work should be examined within the contract period and that every step should be taken to ensure that the recovery of advances is complete before the final payment is made.
- (v) In regard to the payment of these advances, it should be noted that all the officers concerned with the management of the contract as well as the officers in the Sub Committee of the School Development Boards are required to be made aware of the fact that an advance has been made.

- (vi) An advance thus made to a School Development Board should not be utilised for any other work or for the grant of another advance, other than for the purchase of goods and materials of the contract concerned.
- (vii) The Principal of the School will so arrange to maintain documents that it should be possible at any time to ascertain the expenditure and the balance to be recovered of an advance, and in case he/she goes on transfer, it is his/her duty to duly handover all this information to the successor.
03. The contents of this Circular should be brought to the notice of the Chairman of School Development Board as well as the members of Sub Committee.
04. Your attention is particularly drawn to para 08 of the Treasury Circular No. Fin. 322 referred to above and you are further requested to ensure action to review the progress by calling for the necessary financial and physical progress reports on time. It should be noted that the above procedure will be subject to review after one year in operation


(A.P. Abeyasinghe)
Director School Works.

Sgdl .N. V.K.K. Weragoda
Director School Works. Secretary,
Ministry of Education, Higher
Education and Cultural Affairs.

Copy to :

1. Deputy Secretary to the Treasury
2. Chief Secretaries