



MC No. 14, s. 2005

MEMORANDUM CIRCULAR

**TO : ALL HEADS OF CONSTITUTIONAL BODIES;
DEPARTMENTS, BUREAUS AND AGENCIES OF THE
NATIONAL GOVERNMENT; LOCAL GOVERNMENT
UNITS; GOVERNMENT-OWNED OR CONTROLLED
CORPORATIONS; AND STATE UNIVERSITIES AND
COLLEGES**

**SUBJECT : Guidelines for the Effective Implementation of the
LSP-MDC Policy on Refund**

In its Resolution No. 050954, s. 2005, the Commission issued the attached guidelines in collecting the refund of benefits from scholars of the Local Scholarship Program for Master's Degree Course (LSP-MDC) who were not able to obtain their master's degree.

In this regard, the Commission shall hold the agency heads responsible for the collection of the refund from scholars in their respective offices for remittance to the CSCRO concerned. The scholars should complete the refund of LSP benefits to the CSC within three (3) years from the time they receive the notice to refund. LSP scholars who fail to refund in three years shall be administratively charged with grave misconduct or conduct prejudicial to the best interest of the service by the CSCRO concerned.

Additional clearance from the Commission shall be required of LSP-MDC scholars before they transfer to another government agency, resign, or retire from the service.

Please be guided accordingly.


KARINA CONSTANTINO-DAVID
Chairman

July 26, 2005



LSP-MDC SCHOLARS

Re: Refund Policy

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RESOLUTION NO. 050954

WHEREAS, the Civil Service Commission (CSC) established the Local Scholarship Program (LSP) on February 5, 1993 through CSC Resolution No. 93-299 to provide opportunities for the career development of first and second level government employees;

WHEREAS, one of the components of the LSP is the LSP-Master's Degree Course (MDC) open to all government employees;

WHEREAS, the Program policies provide that scholars shall finish their studies within one year and, if warranted, may be given extension for six (6) months up to one (1) year;

WHEREAS, the LSP-MDC Guidelines provide that scholars who fail to obtain their degree through the scholar's own fault, willful neglect, resignation, or voluntary separation, the scholar shall refund to the (1) CSC the actual amount defrayed for the study grant, and the (2) Agency the salaries and all allowances and benefits received while studying on official time;

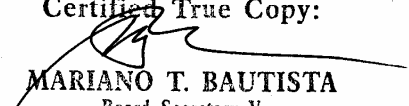
WHEREAS, the scholar, the CSC, and the agency have executed a contract binding them to the terms and conditions of the scholarship grant;

WHEREAS, records show that a number of LSP-MDC scholars have not finished their course and, despite efforts exerted by the CSC Regional Offices (CSCROs), most of the scholars have not completed the refund or have not refunded at all;

WHEREAS, there is a need to enforce the provisions of the contract and policies of the Program and to address issues on refund;

NOW, THEREFORE, the Commission hereby **RESOLVES** to adopt the attached guidelines for the refund of benefits the government provided for LSP-MDC scholars who were not able to obtain their master's degree or failed to complete the service obligation.

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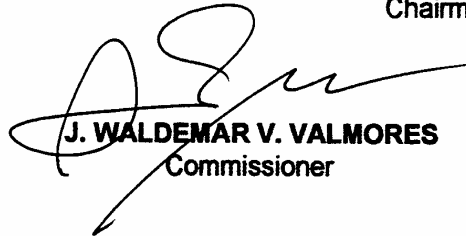

MARIANO T. BAUTISTA
Board Secretary V
Commission Secretariat & Liaison Office

This resolution shall supersede all policies on the LSP not consistent with it and shall take effect immediately.


Quezon City, JUL 26 2005



KARINA CONSTANTINO DAVID
Chairman

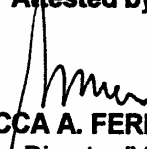


J. WALDEMAR V. VALMORES
Commissioner



CESAR D. BUENAFLOR
Commissioner

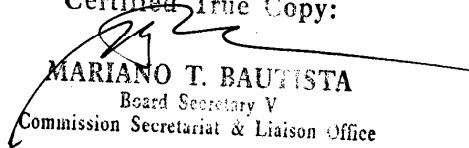
Attested by:



REBECCA A. FERNANDEZ
Director IV

Commission Secretariat-Liaison Office

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MARIANO T. BAUTISTA
Board Secretary V
Commission Secretariat & Liaison Office

LSP-MDC REFUND GUIDELINES

I. Coverage of the Refund

The LSP-MDC Refund Guidelines shall apply to scholars from SY 1993-1994 to the current school year who have not obtained their master's degree and to future scholars who fail to finish their course under the scholarship grant. The guidelines shall also apply to scholars who obtained their master's degree but failed to complete the required service obligation.

A. Who shall refund?

- 1) Scholars who, at the effectivity of this Resolution, failed to complete their studies within the one-year period and approved extensions, if any; and
- 2) Scholars who fail to complete the service obligation on account of voluntary resignation, optional retirement, separation from the service through his or her own fault, or other causes within the scholar's control.

B. Who shall not refund?

- 1) Scholars who finished their studies even beyond the scholarship period including authorized extensions, as of the effectivity of this Resolution, unless otherwise provided in these Guidelines; and
- 2) Scholars who have completed the service obligation.

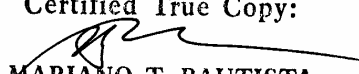
II. Mechanics for Refund

A. Refund to the CSC

The CSCROs shall adopt their own strategies in effectively collecting refunds guided by the following:

1. The CSCRO shall officially inform the scholars concerned, under Item I,A above, that they should refund the amount spent by the Commission for their studies for

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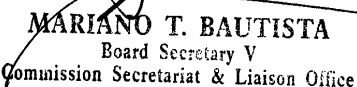
failure to complete their course. (Annex A - sample Notice to Refund)

2. The refund, in cash or check, shall be collected by the CSCRO within a maximum of three (3) years to commence within one (1) month from the date of receipt of notice to refund.
3. The refund may be paid at one time or on installment through salary deduction or as may be agreed upon by the CSCRO and the scholar.
4. The refund may be remitted directly to the nearest CSC Regional Office or Field Office or to the CSCRO/FO bank account. If remitted through the bank, the scholar/agency cashier shall immediately furnish the CSCRO/FO with a copy of the deposit slip. Bank charges, if any, shall be the responsibility of the scholar.
5. The CSCRO shall write the agencies to assist the CSC in the collection of refund from their scholar employees (Annex B – sample letter to Head of Agency).
6. Administrative charges for grave misconduct or conduct prejudicial to the best interest of the service may be filed by the CSCRO against the LSP scholar who failed to refund in three years based on factual circumstances that led to the failure of the scholar to refund and after due process.

B. Refund to the Agency

Scholars who failed to finish their course or scholars who obtained their master's degree but failed to complete the required service obligation shall also refund to their agency the salaries, allowances and benefits they received while on scholarship. The refund of salaries (net of mandatory obligations, e.g. withholding tax, GSIS, Pag-ibig, Philhealth contributions), allowances and benefits received by the scholars from their agency shall be settled between the agency head and the scholar. The Agency shall furnish the CSC and the COA with a copy of the agreement.

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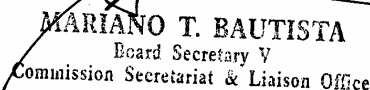

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Commission Secretariat & Liaison Office

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III. Refund By Certain Scholars

- A. For scholars who finished their studies beyond the period allowed and had fully or partially refunded to the CSC and/or the agency prior to the effectivity of this Resolution, the refunded amount shall no longer be returned to them. Those who had partially refunded shall no longer complete the refund.
- B. Scholars who have been ordered to refund and/or have started to refund shall continue to do so under arrangements already agreed upon by the scholar and the CSC/agency.
- C. For scholars whose offices were abolished or whose positions were phased-out in a reorganization and who have not been reemployed, the refund may be condoned.
- D. The refund to the CSC and to the agency shall be waived for scholars who died or who incurred permanent disability during or after the scholarship period and who consequently were separated from the service.
- E. Efforts should be exerted to collect from scholars who resigned, retired or are no longer in the service, except those covered by Item III,C and D. Refund payments shall be continued by the scholar even after separation from the service. The CSCROs/FOs should indicate in the service card of the employee concerned the notation: "LSP scholar with refund obligation to the CSC and the agency."
- F. Scholars who failed to obtain their degree and who transferred to another government agency shall be required to refund to the Commission. Arrangement for the refund to the Commission shall be made by the CSCRO with the new agency.
- G. Scholars who were not able to complete their course and who are scheduled to retire shall pay the full amount of the refund to the Commission and/or the agency on or before the effectivity of the retirement. Otherwise, the amount shall be deducted from the benefits such as terminal leave due the scholar. The refund shall form part of the accountability of the employee, and shall be a ground for non-issuance of clearance from money or property accountability.

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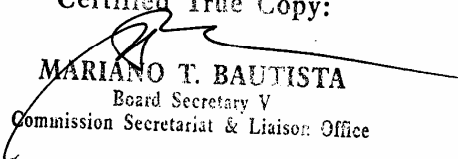
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IV. Other Provisions

- A. Agency heads shall require all their LSP scholars to obtain additional clearance from the Commission in case of resignation, transfer, retirement or other personnel movement except when their separation from the service is due to abolition of position.
- B. The CSCROs may seek the assistance of the regional COA offices in the collection of the refund.
- C. All cases not covered by this set of guidelines shall be referred by the CSCROs, with their recommendations, to the CSC-CO for appropriate action.

xxx Nothing follows xxx

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MARIANO T. BAUTISTA
Board Secretary V
Commission Secretariat & Liaison Office



Annex A
(sample form - Notice to Refund)

(date)

Mr./Ms. (name of the scholar)
LSP-MDC Grantee, SY _____
Agency of the Scholar _____
Address _____

Dear Mr./ Ms. _____

This refers to your scholarship grant under the Local Scholarship Program – Masters Degree Course (LSP-MDC) which you failed to complete within the period specified in the Contract.

As such, you are required to refund to the Civil Service Commission (CSC) all expenses it incurred for your scholarship amounting to _____ (P _____). You may refund the full amount directly to the nearest CSC Regional Office or Field Office in one time payment or in installment through salary deduction or direct payment to the CSC. Refund should be completed within three (3) years.

In CSC Resolution No. _____ dated _____, if you fail to refund the full amount within three (3) years, the Commission may file administrative charges against you for grave misconduct or conduct prejudicial to the best interest of the service.

Please contact the CSCRO No. _____ about this.

Very truly yours,

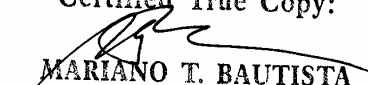
Regional Director

cc: _____
Head of Agency

Agency COA Auditor

fn:c:\orne\lsp refund (annex a)

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Board Secretary V
Commission Secretariat & Liaison Office

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Annex B
(sample letter – Head of Agency)

(date)

Head of Agency
Office
Office Address

Dear Sir/Madam:

We refer to the scholarship granted to Mr./Ms. _____ under the Local Scholarship Program – Master's Degree Course (LSP-MDC) of the Civil Service Commission (CSC) for SY _____.

Our records show that he/she has not been able to complete the course up to this date.

As a policy of the LSP, failure to comply with the scholarship agreement shall subject the grantee to the following:

x x x If the scholar fails to complete the degree stipulated in the contract through the scholar's own fault or willful neglect or loss of confidence, resignation, or voluntary separation, the scholar shall refund to the:

- a) *Civil Service Commission the actual amount defrayed for the study grant; and*
- b) *Agency the salaries and other allowances and benefits while on scholarship.*
x x x

In this regard, may we request your assistance in collecting the refund due the CSC from Mr./Ms. _____ in the total amount of _____ (P_____).

Mr./Ms. _____ is already informed about this. Please tell Mr./Ms. _____ to contact the CSCRO No. _____ on or before _____.

In CSC Resolution No. _____ dated _____, administrative charges for grave misconduct or conduct prejudicial to the best interest of the service may be filed by the CSCRO against the LSP scholar who failed to refund LSP benefits to the CSC in three years based on factual circumstances that led to the failure of the scholar to refund and after due process.

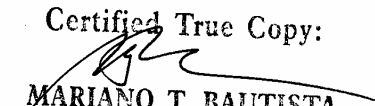
Very truly yours,

Regional Director

cc: Mr./Ms. _____
LSP-MDC Grantee, SY _____

Commission on Audit

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Board Secretary V
Commission Secretariat & Liaison Office

