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MOUNTAIN PROVINCE STATE POLYTECHNIC COLLEGE

RESOURCE GENERATION MANUAL 2015





Republic of the Philippines
Mountain Province State Polytechnic College
OFFICE OF THE COLLEGE PRESIDENT
Bontoc, Mountain Province

1 **AN EXCERPT FROM THE MINUTES OF THE 101st REGULAR MEETING**
2 **OF THE BOARD OF TRUSTEES HELD AT KASC, TABUK, KALINGA ON**
3 **14 MARCH 2015 AT 10:45 AM**

4
5 Present:

6 **Hon. ALEX B. BRILLANTES JR.** - Presiding Officer
7 **Hon. REXTON F. CHAKAS** - Vice Chair
8 **Hon. PILAR S. CAYETANO** - Member
9 **(Represented by Hon. Vivian Eustaquio)**
10 **Hon. ROMAN T. ROMULO** - Member
11 **(Represented by Hon. Michelle Maniwang)**
12 **Hon. MILAGROS A. RIMANDO** - Member
13 **Hon. MARILYN V. STA. CATALINA** - Member
14 **Hon. JULIUS CAESAR V. SICAT** - Member
15 **Hon. DAN EVERT C. SOKOKEN** - Member
16 **Hon. MANUEL M. IMATONG** - Member
17 **Hon. BENEDICT M. FEKEN** - Member
18
19

20
21 **RESOLUTION APPROVING THE RESOURCE GENERATION**
22 **MANUAL**
23

24
25
26 **Res. No. 027, s. 2015**
27

28 APPROVING the Resource Generation Manual with the
29 inclusion of suggestions by the Governing Board in the
30 final printout.
31

32 **APPROVED**
33
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35
36

37 CERTIFIED TRUE AND CORRECT:
38

39 **DERINE D. AGUID**
40 *Derine D. Aguid*

41 *Acting College/ Board Secretary*



2015

H-
Hearty
Approach to
Management &
Governance, &
Transformation
al Leadership

E-
Enriched
Academic
Programs

R-
Relevant
Student
Services,
Development,
and Welfare
Program

I-
International
and Local
Linkages

T-
Technology,
Facilities, and
Assets
Enhancement
Program

A-
Aggressive
Staff
Development
and Welfare
Program

G-
Gainful
Resource
Generation and
Enterprise
Development
Program

E-
Excellent
Researches

MESSAGE

The setting up of the Resource Generation and Linkages outfit of the Mountain Province State Polytechnic College draws from the execution of the **HERITAGE** program of this leadership. This is a significant factor in the fulfilment of the new vision for the College that is *Attaining cultural development and inclusive growth*.

As MPSPC seizes inclusive growth through resource generation, it will consider largely the natural base of potentials and assets it already has. The stakeholders- the employees, community, oversight agencies and students are already inherent partners who will, as a part of the team, contribute throughout this process of supplementing the fiscal reserves of the College. As an offshoot of resource generation, this same asset base will be enhanced- manifested in better facilities, increased capability funding, increased employee incentives, broadened linkages for research and academic endeavours, to name a few. From the new norms of state universities and colleges, these are among the hallmarks of a true university.

REXTON F. CHAKAS, Ph.D.

College President

ACKNOWLEDGMENTS

The contents of this manual are based from a series of consultations with the studentry, employees, management and administrative councils and the board of trustees of MPSPC. Some ideas from previous similar manuals and resource persons from BSU, DMMMSU, IFSU, MMSU and NVSU have also been instrumental.

FOREWORD

The resource generation and linkages unit is a mirror of the nature of management of higher education today- it is by no means fixed, it has evolved over time. The addition of the fourth function of resource generation to the trilogy of functions of research, extension and teaching not only at the Mountain Province State Polytechnic College shows the transformation of tertiary education. To accommodate the broad patterns of social change, higher education institutions now put alongside knowledge dissemination the production role. This is the rise of the *entrepreneurial university* which all state universities and colleges in the country are either experiencing or aiming for.

For the Mountain Province State Polytechnic College, the Resource Generation and Linkages unit faces challenges due to its nature of being “new”. This “newness”, however, brings upon equitable opportunities. The fresh desire to deliver cultural development and inclusive growth and the support of the Board of Trustees are enough factors to be very optimistic on the RGL endeavours.

Taking stock of various relevant laws, circulars, guidelines and policies, this manual will provide a framework on how to direct this optimism towards intended outputs.

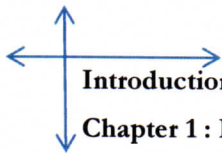
VENUS GRACE K. FAGYAN

Vice President, Resource Generation & Linkages



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INTRODUCTION

Resource generation has parenthetically become a fourth function of the state universities and colleges as an offshoot of the trilogy functions of instruction, research and extension. Generally, resource generation projects operate under the basic purpose of inculcating into the students the intricacies of venturing into profitable businesses under the context of sustainable development in an actual situation as well as providing a showcase for extension clients of which research generated technologies are to be applied.

For the Mountain Province State Polytechnic College (MPSPC), the existence of agriculture-based production projects is attributed to the early beginnings of the College as a community college which focused on agriculture and technical courses. Following the same manner, the food processing, garments and the marketing centers and others to be put up, hinge existence on providing significant ancillary facilities such as incubation centers for entrepreneurship and practicum centers of home technology.

With sufficient income projected, these projects adopt the “going concern” of accounting so as to justify their existence and contribution to the fiscal health of the College. Incidentally, at this point in the College’s new administration where it has to stamp its mark in the education superhighway pockmarked with educational reforms, the resource generation function to raise income is a challenge. Hence, alongside with the trilogy functions, resource generation is visibly taking the center stage for institutional existence and development.

PRELIMINARY MATTERS

ARTICLE I. Title, Coverage, and Interpretation

Section 1. This manual shall be known as “Mountain Province State Polytechnic College (MPSPC) RESOURCE GENERATION MANUAL,” reflecting the primary purpose of the Resource Generation and Linkages Office which is to generate income for its operations that will strengthen the functions of instruction, research and extension and income generation itself which may redound to self-sufficiency.

Section 2. This manual shall govern and apply to Mountain Province State Polytechnic College (MPSPC) Resource Generation and Linkages Office whose programs shall cover all income-generating projects operated within the College’s jurisdiction and control including consortium or partnership of which the income or part of it inures to the College or a segment of the MPSPC;

Section 3. This manual shall direct the operations of the RESOURCE GENERATION AND LINKAGES OFFICE covering in particular the sections: PRODUCTION AND ENTREPRENEURIAL AFFAIRS (ProdEA) and the GRANTS AND LINKAGES.

Section 4. This manual shall be liberally construed in favor of the principles and policies of the Mountain Province State Polytechnic College to attain its vision, mission, goals and objectives.

ARTICLE 2. Name of Office and Structural Component

Section 1. The Production mandate of the Mountain Province State Polytechnic College (MPSPC) shall be carried out by the RESOURCE GENERATION AND LINKAGES (RGL) OFFICE.

Section 2. The Resource Generation and Linkages (RGL) Office shall be headed by a Vice President who shall be designated by the College President and confirmed by the Board of Trustees (BOT).

Section 3. The Vice President for Resources Generation and Linkages (RGL) shall work under the direct supervision of the College President.

Section 4. The RGL Office will have two (2) sub-component units namely, the Production and Entrepreneurial Affairs (ProdEA) Unit and the Grants and Linkages Development Unit who shall be headed by a Director, respectively.

ARTICLE 3. Definitions

Section 1. Enterprise Resource Generation Management refers to the strategic planning, organizing, innovating, directing, monitoring, including the development of important new business functions of the college, as supplemental sources of revenue, while fully optimizing the existing resources of the college;

Section 2. Production and Enterprise Management refers to the planning, organizing, innovating, directing and monitoring actions related to the creation of items for consumption and use; and, the operating area activities of the different entrepreneurial projects aimed specifically at growth and profit;

Section 3. Grants and Linkages Management refers to the planning, organizing, innovating, directing and monitoring actions related to extensive networking with individuals, institutions and external stakeholders including alumni and potential investors, local and international.

Section 4. Income shall refer to all cash receipts accruing from but not limited to, profit from use of capital; proceeds from grants and administrative costs due from Programs, Activities and projects (PAPs) externally sourced-out

or requested by the Resource Generation and Linkages Office and other cash inflow as a result of the initiatives, activities and interventions of the same; lease and or rent of College properties; sale of incidental produce from the Research Unit; and other earnings from ventures covered by operations of the RGL Office.

ARTICLE 4. Declaration of Principles

Section 1. The Mountain Province State Polytechnic College is a public education institution established by virtue of Republic Act 7182 with four fold functions such as instruction, research, extension, and production.

Section 2. National Budget Circular (NBC) No. 331 issued on November 27, 1980 prescribes the rules and procedures on the creation of a school revolving fund out of income realized from agricultural products embraced under the food production program. The salient provisions are:

- 2.1. Preparation of a food production plan which shall be accompanied by a work and financial plan to be submitted to the DBM.
- 2.2. Income to accrue to a revolving fund to be accounted for separately as Fund 161. Bank accounts to be opened exclusively for such fund. Income representing the share of teachers and students in proprietary activities under an existing incentive scheme may be paid directly from the revolving fund subject to accounting and auditing rules and regulations. Interest income shall likewise accrue to the fund.
- 2.3. Expenses incurred in food production program to include cost of labor and supervision, honoraria, fertilizer, seeds, farm implements, and other direct costs shall be charged directly to the account of the fund.
- 2.4. Net profits may be used to improve school facilities, acquire equipment, augment maintenance and other operating expenses (MOOE), purchase library books, and other non-recurring expenses of the school subject to the limitations imposed by LOI No. 29 on the purchase of motor vehicles, textbooks and supplementary/reference books and the like.
- 2.5. Accounting and reporting are made exclusively for the fund.

Section 3. National Budget Circular (NBC) No. 331-A issued on December 23, 1982 prescribes the rules, regulations and procedures concerning the establishment and operation of the Revolving Fund for manufacturing operations of state universities and colleges. The salient provisions are:

3.1 Accounting and reporting of manufacturing operations are made separately under Fund 162 apart from the agricultural operations under Fund 161.

3.2 The use of income for the food production program and manufacturing activities are further delineated.

3.3 Accounting and inventory control procedures for livestock are defined and reportorial requirements specified to include deadlines of submission

Section 4. Commission on Audit (COA) Circular No. 84-239 issued in 1984 prescribes the rules and regulations governing the accounting of agricultural products particularly on valuation, recording, and reporting. The passage and implementation of the New Government Accounting System (NGAS) in 2001, accounting guidelines updates, though have not been circularized, were issued by the Government Accounting and Financial Information System (GAFMIS) in consonance therewith.

Section 5. National Budget Circular (NBC) Letter No. 92-8 issued on November 18, 1992 prescribes the guidelines and procedures on the operation of Auxiliary Services particularly creating a separate fund (Fund 163), as well as accounting and reporting responsibilities.

Section 6. Republic Act No. 8292 or the Higher Education Modernization Act of 1997 includes relevant provisions to wit:

6.1. The retention of any income generated by the university or college from tuition fees and other charges, as well as from the operation of auxiliary services and land grants, and may be disbursed by the Board of Regents for instruction, research, extension or other program/projects of the university or college and that all fiduciary fees shall be disbursed for the specific purposes for which they are collected;

6.2. Power of the Governing Boards to enter into joint ventures with business and industry for profitable development and management of the economic assets of the college or institution, the proceeds from which to be used for the development and strengthening of the college or university; to develop consortia and other forms of linkages with local government units, institutions and agencies, both public and private, local and foreign, in furtherance of the purposes and objectives of the institution; to privatize, where most advantageous to the institution, management of non-academic services such as health, food, building or grounds or property maintenance and similar other activities.

ARTICLE 5. Goals

Section 1. The resource generation sector positions itself to put the productive and income generating capacity of the College as competitive and duty-bound so as to impact on the financial position of the College. In particular, the goals it aims to achieve are:

- 1.1. Maximize productivity and efficiency in the income generating projects that should push income to optimum levels.
- 1.2. Produce income that shall sufficiently provide the needs of the College that shall reduce if not eliminate dependence from government subsidy.
- 1.3. Establish a mechanism to provide source of funding for Personnel Services (PS) such as job contracts, salary differential of designated Vice Presidents, commutable Representation and Travel Allowances (RATA) of VPRGL and its Directors, and other personnel services; Maintenance and Other Operating Expenses (MOOE) and Capital Outlay (CO), which cannot be accommodated and or those that are restricted from charges to the General Fund (GAA) and the Regular Income appropriations.
- 1.4. Strengthen further the trilogy functions of instruction, research and extension through more responsive entrepreneurial ventures.
- 1.5. Create a culture of entrepreneurship among the MPSPC constituents by providing them means and avenues to produce and market their products.
- 1.6. Showcase applied technologies that shall influence and touch the lives of more people, giving priority to locally developed internally generated technologies.
- 1.7. Establish a social laboratory for MPSPC students.

ARTICLE 6. Objectives

Section 1. General Objective – The RESOURCE GENERATION AND LINKAGES to pave the way for income generation through pump-priming approach that feeds on innovation and cost effective practices.

Section 2. Specific Objectives – In particular, the Resource Generation and Linkages Office aims:

- 2.1. Advance the realization of a proposed profit-oriented projects expected to generate financial resources needed to augment the general fund of the College;

- 2.2. Encourage the creation and proliferation of income generating activities in the different units and departments in the College enticed by the profit-sharing schemes;
- 2.3. Centralize and put in place mechanisms to regulate the sale of merchandize bearing the name of the College for the protection of the integrity of such. These loose ventures are currently in the hands of the different academic departments; and,
- 2.4. Provide employment opportunities for the students and graduates of the College with the potentials.

ARTICLE 7. Thrusts

Section 1. Quality products and services toward generating more income and patronage especially in the food and accommodation services.

Section 2. Utilization of projects for practicum work of students and extension clients on management and application of learned concepts as well as technologies generated and for research.

Section 3. Capital investments and expansion of projects for maximum economic impact.

Section 4. Financing new income-generating projects that have substantial economic potential especially among the academic units.

Section 5. Participation of departments as cooperators in College projects and in the marketing of their products.

ARTICLE 8. Project Areas of Operation in Resource Generation

Section 1. The Production and Entrepreneurial Affairs of the Unit shall establish, operate and manage the following projects: Marketing Center, Digital Printing Press, Nursery, Food Processing, Garments and Weaving, Rentals and other projects as may be identified.

Chapter 1

ORGANIZATIONAL STRUCTURE

ARTICLE 9. The College President

Section 1. The College President shall:

- 1.1. Provide the vision for the Resource Generation Unit.
- 1.2. Recommend to the Board of Trustees the approval of policies formulated by the Resource Management Council which, beforehand, are thoroughly evaluated by him.

ARTICLE 10. The Vice President for Resource Generation and Linkages (VPRGL)

Section 1. The Vice President for Resource Generation and Linkages shall be appointed by the Board of Trustees upon the recommendation of the College President.

Section 2. Except when appointed to a plantilla position, the term of office shall be three (3) years without prejudice to re-designation.

Section 3. The VPRGL shall be entitled to salary differential based on his/her present salary and that of the 1st step of the salary grade of his/her designation; and, Representation and Travel Allowance (RATA) subject to provisions of the National Budget Circular (NBC) No. 404 and reinforced by National Budget Circular (NBC) No. 546, effectively upon designation.

Section 4. He shall:

- 4.1 Conceptualize and implement the blueprint for the new directions of the Resource Generation of the College;
- 4.2 Initiate the development of important new business functions as new sources of revenue, while fully optimizing the existing resources of the college;
- 4.3 Lead the overall strategy to support aggressive revenue targets to advance the College's production mandate;
- 4.4 Perform high level and extensive networking/linkaging with individuals, institutions and external stakeholders including alumni and potential investors, local and international;

4.5 Ensure and enhance the interconnectedness of the other sectors of the college in order to create seamless coordination and mutual support for income related directions.

ARTICLE 11. The Director for Production and Entrepreneurial Affairs

Section 1. There shall be a Director for Production and Entrepreneurial Affairs (ProdEA) who shall be designated by the President of the College, and under the direct supervision of the Vice President for Resource Generation.

Section 2. The Director for Production and Entrepreneurial Affairs (ProdEA) shall be entitled to Representation and Travel Allowance (RATA) subject to provisions of the National Budget Circular (NBC) No. 404 and reinforced by National Budget Circular (NBC) No. 546, to take effect immediately upon designation.

Section 3. The Director for Production and Entrepreneurial Affairs (ProdEA) Unit shall manage the general affairs of the unit by performing the following functions, duties and responsibilities:

- 3.1** Act as member of the Resource Management Council;
- 3.2** Represent the ProdEA Unit to the Administrative Council (ADCO) and other relevant fora where the operations and management of the ProdEA is concerned;
- 3.3** Recommend to the Resource Management Council (RMC), as endorsed by the Vice President of Resource Generation to the President for approval, the staff composition of the ProdEA to ensure rapport necessary to advance effective working environment considering the nature of the Unit's operation;
- 3.4** Identify, plan, implement and supervise the income-generating projects of the College;
- 3.5** Conceptualize strategies for effective and efficient implementation of the College's production program;
- 3.6** Plan and execute the administrative aspects relevant to the Unit's operations;
- 3.7** Supervise the activities of the Enterprise Managers and other ProdEA staff;
- 3.8** Prepare periodic accomplishment/progress reports of the unit's undertakings to the Office of the Vice President for Resource Generation and other offices requiring such report;
- 3.9** Confer and brief staff on the developments affecting the unit's operation;

3.10 Coordinate the activities of the ProdEA unit to harmonize with the programs of the Research, Extension and other related units; and,

3.11 Perform other related functions as may be requested by the higher authorities.

Section 4. The Director for Production and Entrepreneurial Affairs (ProdEA) shall at least be a holder of a master's degree in Business Administration and must have had at least two (2) years of administrative experience.

ARTICLE 12. Director for Grants and Linkages Development

Section 1. The Director for Grants and Linkages Development shall perform leadership, managerial and administrative functions in his unit as geared towards the attainment of the College's vision, mission, goals and objectives.

Section 2. The Director for Grants and Linkages shall be entitled to Representation and Travel Allowance (RATA) subject to provisions of the National Budget Circular (NBC) No. 404 and reinforced by National Budget Circular (NBC) No. 546, to take effect immediately upon designation.

Section 3. He shall:

3.1 Be the implementing arm of the college on international and local programs and links, staff and student exchanges and mobility, and worldwide networking for the college.

3.2 Carry out the implementation, monitoring and evaluation of formal institutional collaborations which encourage the development of partnerships for funding by donor agencies or organizations.

3.3 Also be responsible with inter-departmental links which involve members of staff/students participating in staff/student exchange programs and research that attract funding.

3.4 He shall take charge of informal links which are characterized by resource generation activities through individual initiative and efforts, and after which refer the link with the ProdEA Director.

3.5 Assume direct responsibility in the operation and administration of his unit and the implementation of policies and guidelines in order to achieve targets with efficiency and effectiveness.

- 3.6 Recommend appropriate actions geared towards the enhancement or improvement of the unit.
- 3.7 Perform other duties delegated by higher authorities.

Section 4. The Director for Grants and Linkages Development should be a master's degree holder, with proven ability to lead and manage the unit of the college.

Section 5. The Director for Grants and Linkages Development shall be serving for a period of one year without prejudice to re-designation.

ARTICLE 13. The Enterprise Managers

Section 1. There shall be Enterprise Managers to be assigned to the different project areas of the Production and Entrepreneurial Affairs.

Section 2. The Enterprise Managers will be recommended by the Director of Production and Entrepreneurial Affairs to the Enterprise Resource Management Council (ERMC), endorsed by the Vice President for Resource Generation who will later endorse to the President for approval.

Section 3. The Enterprise Managers shall have the following functions, duties and responsibilities:

- 3.1. Take responsibility for the day-to-day operations of the project enterprise;
- 3.2. Make periodic status report and other related reports to be submitted to the Director of ProdEA;
- 3.3. Submit Collections to the Cashiering Office who in turn will deposit it to the official depository bank of the Unit supported by receipts;
- 3.4. Confer with the Director of ProdEA on issues and concerns relevant to operations of the project enterprise assigned to him;
- 3.5. Perform relevant functions as may be directed by higher authorities and sanctioned by the Director of Production and Entrepreneurial Affairs;

ARTICLE 14. The Enterprise Resource Management Council (ERMC)

Section 1. There shall be an Enterprise Resource Management Council (ERMC) to be created to serve as the governing body of the Resource Generation and Linkages Office.

Section 2. The ERMC shall be chaired by the Vice President for Resources Generation and Linkages, with the Director of Finance as Vice Chairman.

Section 3. The members of the Council will be the Vice President for Administration and Finance, the Executive Deans of the Bontoc and Tadian Campus, the College Accountant and the Budget Officer.

Section 4. The Enterprise Resource Management Council (ERMC) shall perform the following:

- 4.1. Formulate Income Generating Project (IGP) policies to be approved by the Board of Trustees;
- 4.2. Determine IGP investment priorities and endorse the undertaking of enterprises that pass the acceptable investment criteria;
- 4.3. Formulate implementing rules and regulations in the proper management and efficient operations of all IGPs;
- 4.4. Develop a strategic plan and program for all IGPs;
- 4.5. Formulate guiding policies for the day-to-day activities involving funds, supplies, materials and equipment in accordance with auditing and accounting procedures;
- 4.6. Set performance objectives and standards in the management of all IGPs;
- 4.7. Review and evaluate Business Plans and other related documents covering all IGPs;
- 4.8. Strategize the operations of the different enterprises to complement and interface with the Instruction, Research, and Extension programs of the College; and,
- 4.9. Perform other functions related to the attainment of the IGP objectives as well as those delegated by higher authorities that are deemed important for the advancement of the College VMGO.

ARTICLE 15. Chairman of the Enterprise Resource Management Council (ERMC)

Section 1. The chairman of the ERMC shall:

- 1.1. Preside over all Enterprise Resource Management Council (ERMC) meetings;
- 1.2. Represent the ERMC in meetings when called for by the Board of Trustees or the President or outside the College and in all

undertakings regarding the projects of the Resource Generation and Linkages unit;

1.3. Initiate the formulation of plans, programs and guidelines for all IGPs;

1.4. Delegate administrative functions of which the ERMC may later review or deliberate upon like preparation of contracts and agreements;

1.5. Conduct meetings with program personnel on operations and management of IGPs.

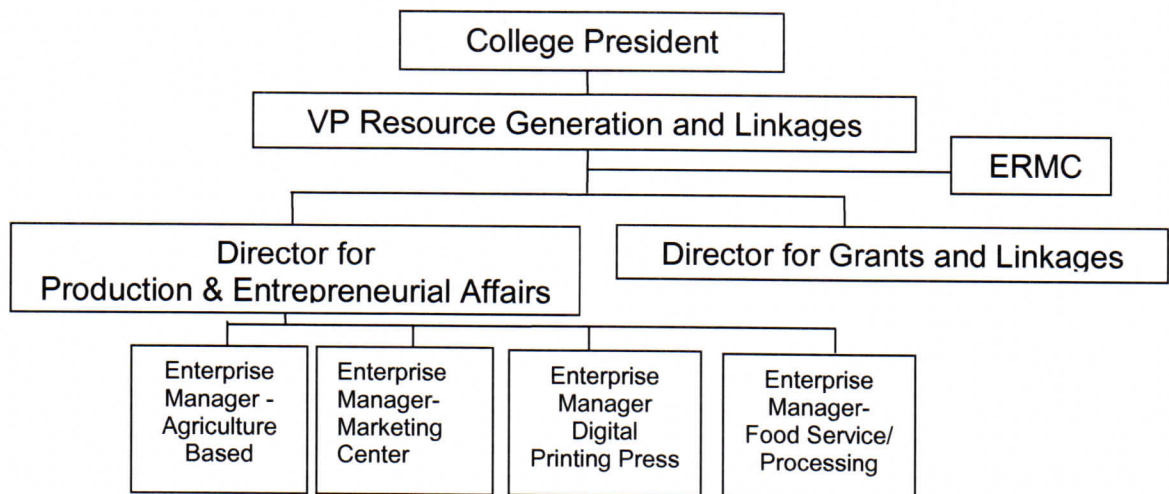
ARTICLE 16. Vice Chairman of the ERMC

Section 1. The Vice Chairman of the ERMC shall:

1.1. Perform the duties and functions of the Chairman of the ERMC in his/her absence;

1.2. Discharge other functions and duties as may be delegated by the Chairman.

ARTICLE 17. The Organizational Chart for the Resource Generation and Linkages Office



Chapter 2

SUPPLIES, PROPERTIES AND EQUIPMENT

ARTICLE 18. Assets

Section 1. Each Project Enterprise shall be allowed to maintain an adequate amount of supplies (direct and indirect materials) forming part of their working capital for a reasonable period of time and the quantity to be determined accordingly by the Enterprise Resource Management Council (ERMC) based on the review of the submitted Work/Action Plan of the Enterprise Manager.

Section 2. The ProdEA shall construct facilities and procure equipment necessary for the operations of the Unit and the different Project Enterprises and shall form part of assets of the unit, unless it is provided otherwise;

Chapter 3

PROCEDURAL GUIDELINES ON INTERNAL CONTROL AND ADMINISTRATION

ARTICLE 19. Personnel Accountability

Section 1. In consonance with the principle of unity of command, the Director of Production and Entrepreneurial Affairs shall be accountable to the Vice President for Resource Generation and Linkages; and, the Project Managers and ProdEA auxiliary staffs are accountable to the Director of ProdEA.

Section 2. The physical facilities and other related equipment under the stewardship of the unit shall be the accountability of the personnel who hold the Memorandum Receipt thereof.

Section 3. Any money accountability shall be turned-over to the Cashiering Office first before any leave of absence shall be approved to prevent disruption in the operation of the project enterprise.

ARTICLE 20. Personnel Management

Section 1. The Enterprise Managers and the ProdEA auxiliary staffs shall be recommended by the Director of ProdEA to the Vice President for Resource Generation and Linkages, the endorsement of which to the Enterprise Resource Management Council (ERMC) and the latter shall endorse to the President for approval.

Section 2. The services of the following may be tapped by the Director of ProdEA.

- 2.1. Project Analyst (part-time)
- 2.2. Marketing Analyst (part-time)
- 2.3. College Engineer (on-call)
- 2.4. Director, General Service (on call)

Section 3. The hiring of ProdEA personnel shall be:

- 3.1. The responsibility of the Director of ProdEA such as clerks, messengers, janitors, utility workers, security guards, caretakers, etc. as may be required.
- 3.2. Favorably considered on grounds of character-based qualities such as honesty, sincerity, industriousness, ingenuity, commitments and willingness to work even beyond official time.

ARTICLE 21. Determination of Net Income

Section 1. The Net Income shall be arrived at after the mandatory deductions such as: salary differential of designated Vice Presidents, RATA of the VPRGL and its Directors, Job Contracts, operating expenses and other necessary costs incurred in the operations of the Resource Generation and Linkages Office.

ARTICLE 22. Guidelines on the Allocation of Net Income of the Project Enterprises

Section 1. The rationale of this guideline is influenced by the following considerations:

- 1.1. Among the objectives in restructuring the operations of Income Generating Activities and redirecting the allocation of income derived therein, to the extent possible, is to give opportunities for staff and faculty members alike to contribute to the enhancement of the entrepreneurial capabilities of the College.

1.2. The Enterprise managers and labor force shall conscientiously plan and implement cost-saving measures in the project enterprise to further improve its performance particularly if these have direct bearing on the amount of benefits that can be derived from the project.

Section 2. The allocation of net income shall be as follows:

2.1. Incentives (40%)

1. 40% for the Enterprise Resource Management Council (ERMC)
 2. 30% for the Board of Trustees
 3. 10% for the President of the College
 4. 10% for the Vice President for Resource Generation
 5. 5 % for the Enterprise Manager
 6. 5 % for the Director of ProdEA
- 100% TOTAL

2.2 Support to Administration (60%) or as the ERMC may determine

7. 25% Administration Share
 8. 25% Supplies, Materials and Equipment
 9. 34% Capital build-up
 10. 8% employees benefits (bonus, cash gifts, allowances)
 11. 8% Scholarships and Research fund
- 100% TOTAL

Section 3. The aforementioned allocation may be modified, restructured and redirected to respond to contingencies and pressing requirements but only upon the approval of the President, as endorsed by the Vice President for Resource Generation and as recommended by the Enterprise Resource Management Council (ERMC).

Section 4. Commission/Patronage due to department chairs in the sales of merchandize bearing the school logo shall be provided and to be reflected in the detail in enterprise business plan.

Section 5. All project enterprises declared under the project areas of operation provided in Section 1, Article 6 of Chapter 1 of this Manual shall be included in the profit allocation scheme unless otherwise provided.

ARTICLE 23. Procurement in the Production and Entrepreneurial Affairs Unit

Section 1. To facilitate expediency and protect the financial viability and interest of the project enterprises, the Resource Generation Unit shall adopt its own internal control mechanism to regulate its procurement system (see Appendix A) which shall be guided by COA Regulations (see notes below) and subject to the approval of the Board of Trustees.

Section 2. Procurement of supplies, materials and equipment shall be facilitated by the Director with the approval of the Vice President of Resource Generation.

Section 3. For procurement made outside of the locality, liquidation of cash advances in relation to the procurement of supplies, materials and equipment shall be allowed five (5) days maximum period starting from the last day of the approved travel.

Section 4. For procurement made locally, liquidation of cash advances in relation to the procurement of supplies, materials and equipment shall be made immediately on the day of purchase.

Notes:

*The Commission on Audit Circular No. 97-002 reflecting the subject – “Restatement with Amendment of the Rules and Regulations on the Granting, Utilization and Liquidation of Cash Advances” provided for under **COA Circular No. 90-331 dated May 3, 1990** gave this rationale:*

“The resort to the cash advance system despite certain problems has been recognized as a facilitative tool in the financial operations of the government. There is therefore a need to continually update the pertinent regulations in order to provide for a more efficient and effective control over the granting, utilization and liquidation of cash advances.”

Thus,

*No. 4.4.1 of the No. 4 provision of **COA Circular No. 97-002** outlining conditions on Field/Activity Current Operating Expenses (COE) states to wit:*

“The special cash advance shall be used to pay the salaries and wages of the employees and the miscellaneous operating expenses of the activity. Payment for each transaction shall not be subject to amount limitation. However, all payments shall be approved by the director/head of field office.”

ARTICLE 24. Official Communication

Section 1. It is an established procedure in the College that official requests, reports and other communications shall prepared in several copies as needed by offices concerned and shall follow standard format.

Section 2. Official communication coming from Enterprise Managers and ProdEA auxiliary staff in the form of request that needs the approval of the President must be first noted by the Director of ProdEA and to be recommended by the Vice President for Resource Generation.

ARTICLE 25. Enterprise Operations

Section 1. No project shall be implemented without an approved Business Plan.

Section 2. Recordkeeping shall be enforced on all Enterprise Managers using the prescribed forms.

Section 3. An Enterprise Status Report (ESR) must be prepared and submitted by the Enterprise Managers. For crops and similar special projects, the report has to be submitted at the end of the cropping period; whereas, the reports on marketing center, digital printing press, food service (Canteen), etc, are submitted on a monthly basis.

Section 4. In case a project incurs losses not due to force majeure and for reasons of gross negligence, unjust enrichment and the commission of other similar unjustifiable actions which are detrimental to the operations of the Enterprise and to the best interest of the College, the Enterprise Manager shall be directly held liable after a decision has been reached by the Resource Management Council (RMC) based on a formal investigations conducted by the same body.

Chapter 4

FINANCES, ALLOCATION AND DISBURSEMENT

ARTICLE 26. Sources of Funds

Section 1. The Resource Generation shall have a regular budget allocation drawn from the General Appropriations Act as approved and shall be released by the Department of Budget and Management (DBM).

Section 2. The Resource Generation shall also be allowed to draw funds from the College Trust Funds for working capital of the project enterprises as may be decided by the Enterprise Resource Management Council (ERMC) and endorsed for the approval of the Board of Trustees.

Section 3. Grants obtained from other institutions, agencies and or other organizations shall become part of the Resource Generation's financial resources.

ARTICLE 27. Personnel Remuneration

Section 1. The Vice President for Resource Generation and Linkages shall be entitled to salary differential and monthly Representation and Travel Allowance (RATA) allowed for the position.

Section 2. The Director for Production and Entrepreneurial Affairs and Director for Grants and Linkages shall be entitled each to a monthly Representation and Travel Allowance (RATA) in the amount of Eight Thousand Pesos (P8,000.00).

Section 3. The members of the Enterprise Resource Management Council (ERMC) and the Enterprise Managers shall be entitled to incentives subject to provisions of the approved guidelines on the allocation of net profit from the project enterprises as provided in Section 2, Article 16, and Chapter 4 of this manual.

ARTICLE 28. Maintenance and Other Operating Expenses

Section 1. The Resource Generation shall be allotted funds for official expenditures covering travels, communication services, repair and maintenance of ProdEA facilities and equipment, transportation, supplies and materials and other related requirements for the unit's official functions.

Chapter 5

MISCELLANEOUS CONDITIONS

ARTICLE 29. Effectivity

Section 1. The provisions of this revised and updated manual shall take effect immediately upon the approval of the Board of Trustees. (see *BOT resolution on page 20 of this manual*)

ARTICLE 30. Separability Clause

Section 1. Should there be any provision of this manual or any part thereof to be declared inappropriate, the other provisions, so far as they are separable, shall remain in force.

ARTICLE 31. Amendments and Supplements

Section 1. No amendments on this Manual may be made in whole or in part unless approved by the President through the recommendation of the Enterprise Resource Management Council (ERMC).

Section 2. Supplements may be introduced for expediency purposes required to take advantage of opportunities and to address the need of the times, but shall only be adopted upon the recommendation of the Resource Management Council and approved by the President.

Prepared by:

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Vice President for Administration
and Finance

REXTON F. CHAKAS
College President

AN EXCERPT FROM THE MINUTES OF THE 101st REGULAR MEETING OF THE BOARD OF TRUSTEES HELD AT KASC, TABUK, KALINGA ON 14 MARCH 2015 AT 10:45 AM

Present:

Hon. ALEX B. BRILLANTES JR.	- Presiding Officer
Hon. REXTON F. CHAKAS	- Vice Chair
Hon. PILAR S. CAYETANO (Represented by Hon. Vivian Eustaquio)	- Member
Hon. ROMAN T. ROMULO (Represented by Hon. Michelle Maniwang)	- Member
Hon. MILAGROS A. RIMANDO	- Member
Hon. MARILYN V. STA. CATALINA	- Member
Hon. JULIUS CAESAR V. SICAT	- Member
Hon. DAN EVERT C. SOKOKEN	- Member
Hon. MANUEL M. IMATONG	- Member
Hon. BENEDICT M. FEKEN	- Member

RESOLUTION APPROVING THE RESOURCE GENERATION MANUAL

Res. No. 027, s. 2015

APPROVING the Resource Generation Manual with the inclusion of suggestions by the Governing Board in the final printout.

APPROVED

CERTIFIED TRUE AND CORRECT:

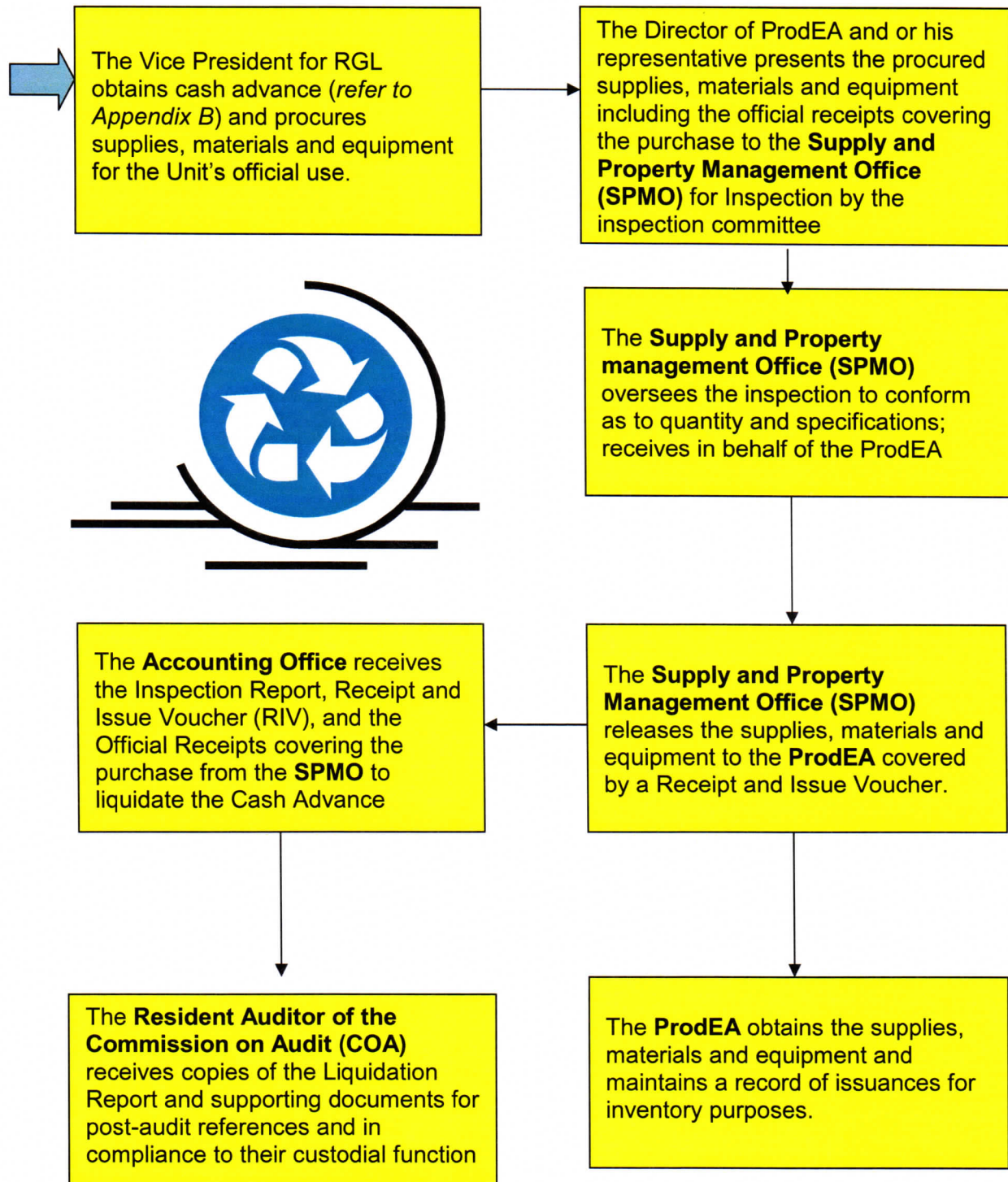

DERINE D. AGUID
Acting College/ Board Secretary

REFERENCES

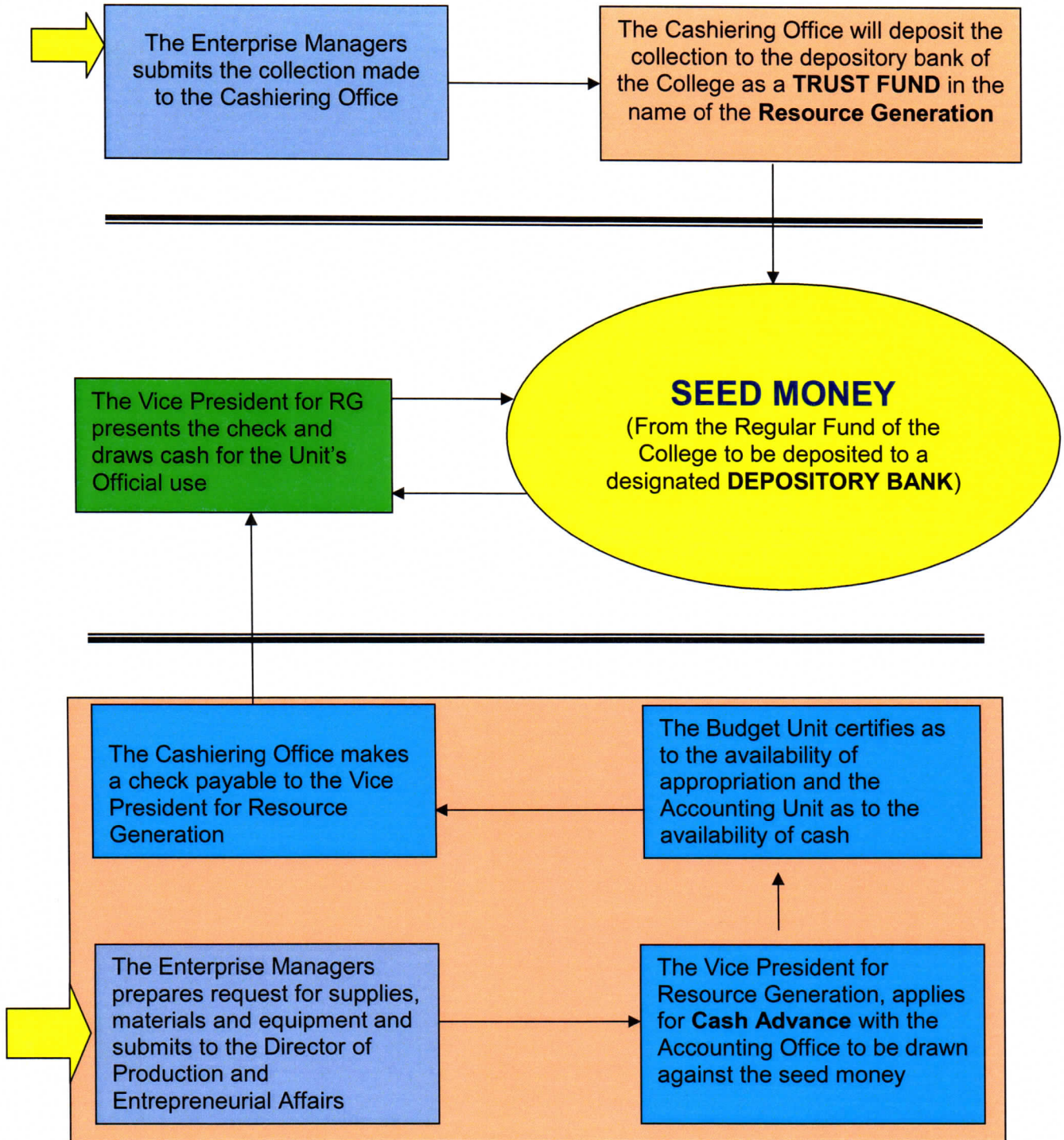
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APPENDICES

APPENDIX A



APPENDIX B



APPENDIX C
GENERAL FORMS

Gen. Form 1

Project _____

DAILY COLLECTION OF ACCOUNTS RECEIVABLE RECORD

Date	Received from	Amount

Form distribution: One copy each for the Enterprise Manager, ProdEA Director, Accounting Office, Internal Audit Office

Recorded by:

Enterprise Manager

Gen. Form 2

REMITTANCE SLIP

Name of Project _____ Date _____
 Remitted: _____
 Covered by Provisional Receipt Nos. _____ Code No: _____ Fund: _____
 Total Amount: _____

Remittances	Denomination	Number	Amount
_____	P1,000	_____	_____
_____	500	_____	_____
_____	100	_____	_____
_____	50	_____	_____
_____	20	_____	_____
_____	10	_____	_____
_____	5	_____	_____

TOTALS

Cash: _____

Checks: _____

Coins: _____

Remitted by:

 Enterprise Manager

Remittance
 Acknowledged by:
 O.R. No.: _____
 Date: _____
 Amount: _____

Form Distribution: One copy each for the Enterprise Manager, Director of ProdEA, and Cashier's Office

Gen. Form 3

FOOD SERVICES
REQUISITION AND ISSUE SLIP
(OTHER ITEMS)

DATE: _____

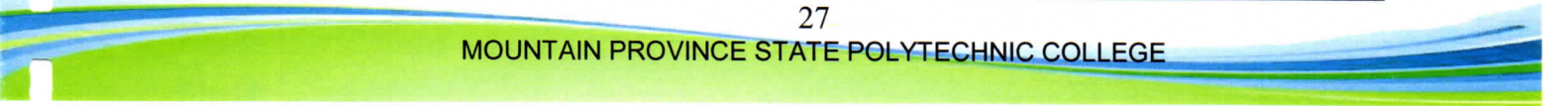
OUTLET: _____

ITEM/ DESCRIPTION	INVTY BEG QTY	RCVD QYT	TOTAL QTY	LEFT QTY	SOLD QTY	UNIT PRICE	TOTAL SALES
Cash Sales							
Accounts Sales (For salary deduction)							
Total Sales							
Cash Sales							
Collection of Accounts							
Cash for Remittance							
Cash Remitted							
Receivable from Sales Clerk (Shortage)							

GOODS RECEIVED BY: _____ **VERIFIED BY:** _____ **CASH RECEIVED BY:** _____
 Sales Clerk Internal Audit Office Staff Collecting Officer

OR# _____

DATE _____



Appendix D

Pertinent Laws, Circulars, and other Directives

**NATIONAL BUDGET CIRCULAR NO. 331
November 27, 1980**

To: The Minister/Regional Director. Ministry of Education and Culture, Heads, Budget Officers, Chief Accountant/Bookkeepers of State Universities and Colleges, National Agriculture/Fishery and Other Schools Concerned and all other Concerned.

Subject: **REVOLVING FUND FOR SCHOOL AGRICULTURAL OPERATIONS**

1.0 Purposes

- 1.1 To implement LOI No. 872 on the participation of government schools in food production program;
- 1.2 To prescribe rules and procedures concerning the creation of schools revolving fund out of income realized from agricultural projects embraced under the food production program.

2.0 Coverage

- 2.1 All state universities and colleges with agricultural development possibilities;
- 2.2 All national agricultural/fishery schools; and
- 2.3 Other national schools with food production activities.

3.0 Implementing Details

3.1 Food Production Plan

- 3.1.1. A food production plan shall be prepared by interested schools, including a general description of the project, its location, the land development plan (if necessary), development costs, expected output, timetable, and other

pertinent details. The same should be accompanied by a work and financial plan and submitted to the Ministry of the Budget thru the regional director and the Office of the Minister, Ministry of Education and Culture.

- 3.1.2. Particular emphasis shall be given to protein sources, and legumes, cassava, seguidilla, mongo, soya bean and where suitable fruit trees, fish, cattle, hogs, poultry, goats, and other food sources.

3.2 Income

- 3.2.1. The food production efforts shall be considered as a proprietary activity of participating schools which shall be authorized to sell their products at **commercial rates**.
- 3.2.2. Income of state universities and colleges shall accrue to a revolving fund to be accounted for in a separate set of books of account under a special account in the general fund code 161. Income of national agricultural/fishery schools shall accrue to a revolving fund to be accounted in the general fund books (101).
- 3.2.3. Income representing the share of teachers and students in the propriety activity under an existing incentive scheme may be paid directly from the revolving fund, subject to accounting and auditing rules and regulations.
- 3.2.4. Proceeds from the sale of commodities/fruits from the "Alay Tanim" Program shall also form part of the income of the school.
- 3.2.5 Any interest income earned on revolving fund shall accrue to the same fund.

- 3.3. **Expenditures.** No disbursement from the fund may be used to pay for honoraria, overtime pay, or other additional compensation to schools superintendents, district supervisors, or other official/employees except as may be approved under **P.D. No. 985**.

- 3.2.5. All expenses incurred in the food production program shall be charged to this fund by drawing directly against the account.

- 3.2.6. Expenses to be charged to the fund shall include cost of labor and supervision, honoraria, fertilizer, seeds, farm implements, and other costs directly associated with the program.
- 3.2.7. Net profits may be used to improve school facilities, acquire equipment, augment maintenance and other operating expenses, purchase library books, and other non-recurring expenses of the school, subject, however to the requirements of LOI No. 29 limiting the purchase of motor vehicles, textbooks, and supplementary/reference books, and the like.

3.4 Procedures

- 3.4.1 Schools concerned shall be authorized to open a bank account in the name of the school at any duly authorized government bank to be maintained as a separate current or savings account where all such collections accruing to the school and pertaining to the food production program shall be deposited. Withdrawals may be made to cover expenses incurred in connection with the program by two (2) signatories, I e.;
 - a. the school head, cashier, or other duly authorized personnel; and
 - b. the school auditor or his duly authorized representative
- 3.4.2. The account may be opened upon receipt of notice of approval of the food production plan by the Minister of Budget.
- 3.4.3. State universities and colleges shall account for the revolving fund as social account in the general fund using fund code 161. A separate trial balance shall be prepared in accordance with existing accounting rules and regulations.
- 3.3.4. National agricultural/fishery schools shall account for the revolving fund in their general fund books (101) by using sub-responsibility code e.g. 8-70-302, 8-70-502, 8-71-102,

etc. to segregate/identify properly the accounts pertaining to the operation of the revolving fund. Also corollary entries for equipment and other assets including related liability and invested surplus accounts shall be further identified with sub-codes, e.g., 8-78 (084), 9-94-110 (084), 8-86-950 (084), etc.

3.4.4. The accountable officer shall maintain a separate cash book for each type of activity. He shall reconcile his cash balance(s) with the corresponding trust liability account (s) such as 84-111, 84 -112, 84 -113 and 84 – 114 at least once a month.

4.0 Initial Development Cost

4.1 Initial development costs shall be charged against allotment (general fund) of the school concerned in the case of national agricultural/fishery and other national schools.

4.2 Initial development costs shall be charged against the allotment under the special account in the general fund of a state university or college.

4.3 The amount involved shall be specified in the food production plan referred under Item No. 3.1.1 hereof and shall be disbursed only with specific approval of the work and financial plan.

5.0 Accounting Procedures. To illustrate the accounting entries to record transactions of the revolving fund, the following hypothetical data are provided.

	Agriculture	Fishery	Hog/Cattle Raising	Livestock
Seeding/piglets, calves/ chicks/fry	Php. 5000	5000	5000	5000
Supplies & materials for such as fertilizers, insecticides feeds, medicines etc.	10000	10000	10000	10000
Direct inputs	10000	10000	10000	10000
Farm implements and other				

equipment such as hand tools, work animals, tractors etc.	20000	20000	8000	12000
Initial working capital	45000	45000	30000	35000
Proceeds from sale	55000	50000	35000	40000
Net Profit	10000	5000	5000	5000

Based on the above assumptions, the establishment of the initial working capital (IWC) and the operation of the revolving fund shall be done as follows:

5.1 State Universities and Colleges

5.1.1 Setting up of initial working capital

**NATIONAL BUDGET CIRCULAR NO. 331 – A
December 23, 1982**

To: The Minister/Regional Director of the ministry of Education and Culture; Heads, Budget Officers, Chief Accountants/Bookkeepers of the Ministry/Regional Office of the Ministry of Education and Culture, State Universities, Colleges and National Agricultural/Fishery/Vocational Schools and Other Schools Concerned; COA Unit Auditors and All Other Concerned.

Subject: **REVOLVING FUNDS FOR SCHOOL AGRICULTURAL AND MANUFACTURING OPERATIONS**

1.0 Purposes

1.1 To restate with amendments the rules and procedures prescribed for the operation of a school Revolving Fund for agricultural projects covered by the food production program pursuant to LOI 872 as implemented by NBC No. 331 dated November 27, 1980.

1.2 To prescribe rules, regulations and procedures concerning the establishment and operation of the Revolving Fund for

manufacturing operations of state universities /colleges/schools to implement LOI 1026.

2.0 Coverage

- 2.1 All state universities and colleges with agricultural and/or manufacturing development possibilities;
- 2.2 All national agricultural/fishery/vocational schools; and
- 2.3 Other national schools with food production/manufacturing activities.

3.0 Definition of Terms

- 3.1 Food Production Plan – is a plan of the food production projects/activities to be undertaken by a state university/colleges/school stating the general description of the project activity, is location the land development plan, development costs, expected output, time – table, management and marketing aspects, financial estimates (e.g., projected income/cash flow statement) and other pertinent details.
- 3.2 Manufacturing operation Plan – is a plan of the manufacturing operations to be undertaken by a state university/college/school in the production of school desks, furniture, handicrafts, bamboo crafts and the like. It contains among others, a descriptions of articles to be manufactured, estimated costs of production, unit cost and other pertinent details.
- 3.3 Initial Development Costs – refers to the initial working capital to cover all costs/expenditures necessary to carry out the food production projects/activities as approved in the Work and Financial Plan.
- 3.4 Receipts – refers to all classes of cash received resulting from agricultural and the “ Alay Tanim “ program, manufactured articles, interest on bank deposits and such others collections resulting from exhaustive food production and manufacturing efforts.

- 3.5 Income – covers collections from the sale of produce from agricultural activities and/or manufactured articles over their costs.
- 3.6 Net Profit/net Income – refers to the gain or excess of selling price of agricultural products and/or manufactured articles over their costs.
- 3.7 Direct Labor – refers to the cost of work or services rendered during the actual phase of production. It includes the honorarium of teachers, students and other persons who take active participation in the production activities. These participants whose efforts are input in the production process are said to be directly involved.
- 3.8 Indirect Labor – refers to the cost of work or services of school official/personnel and other persons who take part in the operation of the agricultural/manufacturing program, yet whose efforts do not directly apply to the actual phase of production, e.g. school head, accountant, etc. These persons are said to be indirectly involved.
- 3.9 Management Staff – refers to the school officials/personnel who are involved with specific duties and responsibilities in the management and control of funds for agricultural/manufacturing operations. It is composed of the head of the school, budget officer, chief accountant, cashier, property officer and the unit auditor.

4.0 Implementing Guidelines

4.1 Food Production Plan/Manufacturing Operation Plan

- 4.1.1 Any school interested to undertake agricultural and/or manufacturing operations shall prepare the Food Production Plan (FPP) and/or Manufacturing Operation Plan (MOP) in accordance with the sample given in Annexes A and B. Said plans shall be submitted together with the Work and Financial Plan (WFP) by state universities and colleges to the Regional Office, Office of Budget and Management (OBM) for evaluation, recommendation and

subsequent transmittal to the Minister for approval. In case of national agricultural/fishery/ vocational schools, the FPP and/or the MOP together with the WPP shall be submitted through the Regional Office, OBM for evaluation and approval, copy of said FPP and/or MOP furnished to the Minister, MEC. However, national agricultural/fishery/vocational schools covered by Regions II, III, IV and NCR shall submit the FPP/MOP and WPP through the Regional Office, MEC to the National Accounting Office, Office of Budget and Management for evaluation, recommendation and subsequent transmittal to the Minister for approval, copy furnished to the OBM Regional Office and the Minister, MEC.

- 4.1.2 In the food production program, particular emphasis shall be given to protein sources, legumes, cassava, seguidillas, mongo, soya beans and where suitable, fruit trees, fish, cattle, hogs, poultry and other food sources.

4.2 Initial Development Cost/Working Capital

4.2.1 The initial development costs for agricultural operations shall be charged against the regular operations and maintenance fund (Fund 101) of national agricultural/fishery and other national schools, and against by the Special Account under the General Fund (Fund 151) in the case of state Universities and colleges.

4.2.2 The expenditures for the first year of the manufacturing operations shall be borne by the regular operating and maintenance fund (Fund 101) of national vocational schools, and by the Special Account under the General Fund (Fund 151) in the case of state universities and colleges. Cash advances from customers may likewise be utilized as initial working capital.

4.3 Income

- 4.3.1 The food production/manufacturing operations shall be operated in a business manner where products/manufactured articles shall be sold at commercial rates, and in no case shall it be less than the cost of materials, labor, estimated costs for the depreciation of equipment and other overhead costs.
- 4.3.2 Receipts/Income of state universities, colleges and national agricultural/fishery schools realized from the food production activities and sale of manufactured articles shall be deposited in an authorized depository bank under a separate bank account and shall be recorded as income of the Revolving Fund. These shall be accounted for under a separate account the CO – General Fund using different fund codes, i.e., Fund Code 161 for receipts/income realized from food production and Fund Code 162 for those generated from sale of manufactured goods.
- 4.3.3 Proceeds from the sale of commodities/fruit from the “Alay Tanim“ Program shall also from part of the income of the evolving Fund for agricultural operations.
- 4.3.4 Any interest income earned on bank deposits of the Revolving Funds as well as net income from the agricultural/manufacturing operations shall accrue to their respective revolving funds which may be used to support the regular academic/vocational program of the school.

4.4 Expenditures

- 4.4.1 All expenses incurred in the food production/manufacturing operations shall be paid directly from its bank account which shall include the cost of direct/indirect labor, supervision, honoraria for teachers/personnel involved in the production efforts, fertilizer, seeds, farm, implements and other costs directly/indirectly associated with the program.
- 4.4.2 Teachers and students directly involved in the food production program/manufacturing activities shall be

given honoraria/wages at the rate of P5.00/P1.50 an hour, respectively, based on services actually rendered not exceeding 40 hours a month. The management staff shall likewise be given the same rate of honoraria/wages shall be paid from the Revolving Fund and shall form part of the cost sales.

- 4.4.3 Honoraria shall be granted only to the school officials and employees who are on assignment to duly authorized and/or accredited agricultural and manufacturing operations.

4.5 Books to be Maintained

State universities, colleges and national schools which operate a Revolving Fund or their Agricultural and/or manufacturing operations shall maintain a separate set of books of accounts for each of these operations. All financial transactions pertaining to these operations shall be recorded there on, and accounted as Revolving Account in the General Fund under Fund Codes 161 and 162, respectively.

5.0 Procedural Guidelines

- 5.1 Upon receipt of the notice of approval of the Food Production Plan and/or the Manufacturing Operation Plan by the Minister of the Budget, the school concerned shall open a bank account in the name of the school, one of the agricultural operations and other for manufacturing operations with any authorized government depositor bank, to maintained as a separate current or savings account where all collections pertaining to said operations shall be deposited.
- 5.2 Withdrawal to cover agricultural and/or manufacturing expenses shall be made on two (2) signatures:
- 5.2.1 The school head or, other duly authorized representative and
 - 5.2.2 The school auditor or his duly representative
- 5.3 State universities/colleges/schools shall account for the Revolving Funds for agricultural and manufacturing operations as Revolving accounts in the General Fund using

Fund Codes 161 and 162, respectively. Trial Balance for each fund shall be prepared in accordance with existing rules and regulations

- 5.4 The accountable officer shall maintain a separate cash book for each type of agricultural and/or manufacturing activity. He shall reconcile his cash balance(s) with the corresponding trust liability account(s), i.e., 8 - 84 – 111 (agriculture), 8 – 84 – 121 (manufacturing) at least once a month.
- 5.5 At the end of each semester/calendar year or a the need arises, state universities and colleges and national agricultural/fishery/vocational schools may avail of the interest income from bank deposits and the net profit from agricultural/manufacturing operations to increase working capital, to improve school facilities, acquire equipment, augment maintenance and other non-recurring expenses of the school, subject to the requisites of LOI No. 29 limiting the purchase of motor vehicles, textbooks and supplementary/reference books, and the like. The availment of said interest, income and net profit shall not be subject to special budget. However, the Report of Availment of Net Profit/Interest Income, Annex I supported by Income and Operation Statement, Annex B shall be submitted to the National Accounting Office of Budget and Management. In case there is no availment of interest income/net profit during the year, only the Income and Operation Statement shall be submitted at year end.
- 5.6 Proper control of allotted net profit mentioned in Item 5.6 shall be maintained in order to establish the correct balances for its availment.
- 5.7 The Commission on Audit and the Ministry of Education and Culture shall adopt such measures as may be necessary to prevent the use of school facilities for private undertakings.

6.0 Accounting/Inventory Control Procedures

6.1 The accounting entries to record transactions of the Revolving Funds for agricultural and manufacturing operations are shown in Annex C. Likewise, entries to take up the transfer of accounts for on – going food production activities mentioned in Item 7.2 are shown in Annex C.

6.2 To maintain proper control offspring of breeding stocks, e.g.; cattle, hogs and livestock, the following shall be strictly observed

6.2.1 The birth of offspring's shall be reported within five (5) days from the date of birth. The report shall be prepared by the Property Officer duly attested by the person having immediate charge and submitted to the Head of the School, copy furnished the Chief Accountant. Said report shall contain among others, kind/type of offspring's, quantity, description, e.g., color, etc. (where applicable) and birth date.

6.2.2 The offspring shall be taken up in the books at a nominal value or P1 for each head, based on the report prepared by the Property Officer mentioned in Item 6.2.1 herein.

6.2.3 When the offspring are ready for sale, those that shall not be retained for breeding purposes shall be transferred to inventories for resale and their value shall be booked up based on the actual cost of rearing. In cases where the actual cost of raising the offspring is not easily identifiable, the inventory value shall be determined by a valuation committee. The value that shall be set by the committee shall not be lower than 75% of the prevailing market price. The decision/action of the committee shall be in writing and serve as the basis for booking up the inventory value.

6.2.4 A valuation committee shall be created in the respective schools composed of the Property Officer, Accountant, Budget Officer, COA Unit Auditor and an official as may be designated by the school head and shall perform the function mentioned in Item 6.2.3.

7.0 On-Going Food Production Activities

7.1 State universities and colleges, national agricultural/fishery and other schools with on – going food production activities which shall request for authority to maintain a Revolving Fund shall comply likewise, with the requirements specified under Item 4.1.1 for proper control and monitoring of said activities. In addition, a Profit and Loss Statement and Balance Sheet shall be prepared showing the latest results of operation/financial condition of non – going food production activities.

7.2 The net current assets shown in the balance sheet form part of the initial working capital of the Revolving Fund. However, the component of net current assets representing cash which were already deposited with Bureau of the Treasury shall be excluded if credited to income account, and a separate bank account shall be set up for those which were not deposited yet and subsequent collections.

7.3 Pending approval of the Food Production Plan, state universities/colleges/schools concerned shall maintain a separate current/savings account with their authorized government depository bank for collections from on – going food production activities. Any balance previously deposited with the Bureau of the Treasury which were credited to trust liability account may be withdrawn for deposit with the authorized depository bank upon approval by the committee operated under Sec. 51 of PD. No. 1177.

8.0 Reporting Requirements

8.1 State universities and colleges agriculture/fishery/vocational and other schools concerned shall submit to the National Accounting Office, Office of the Budget and Management, copy furnished the OBM Regional/District Offices the following reports not later than the date indicated:

8.1.1 Agricultural Operations

Reporting Requirements

Date of Submissions

- a. Monthly Report of Income covered - 10 days after the period covered
- b. Quarterly Report of Expenditures covered - 15 days after the period covered
- c. Honoraria/Wage Schedule covered - 15 days after the quarter covered
- d. Income and Operation Statement agency availed - Year – end or as the of the net profit
- e. Report of Availment of Net Profit/Interest the net Income profit - As the agency availed of profit
- f. Trial Balance - 10 days after the end of month covered
- g. Bank Statement (for period covered by report and b) required under items 8.1.1 a and b) - (In support of Items 8.1.1 a

COMMISSION ON AUDIT CIRCULAR NO. 84 – 239

To: The Ministers, Heads of Bureaus and Offices, Regional Directors of National Government Agencies, Provincial Governors, City and Municipal mayors and Managing, Heads of State Colleges and Universities, National Agricultural/Fishery/Vocational and other Schools, Chief Accountants, COA Auditors, and all other concerned.

Subject: **RULES AND REGULATIONS GOVERNING THE ACCOUNTING OF AGRICULTURAL PRODUCTS**

I. Purpose

This circular is issued to prescribe uniform procedures for the proper valuation, recording, and reporting of soil, animal, and fishery products acquired or produced by government agencies in the national, local, and corporate levels engaged in farming and other agricultural activities and/or animal and fishery production either as their regular function or an additional or special project.

II. Coverage

The rules and regulations herein prescribed shall apply to:

1. Animal and fishery products purchased, raised or acquired free of charge for the propagation or dispersal, for sale or for work animals, or for institutional use or consumption.
2. Soil products purchased, raised or acquired free for the propagation of seedlings, plants and trees, for research, instructional, and demonstration purposes, for institutional use or consumptions or for sale.

III. General Guidelines

1. Funding/Authorization

- 1.1 Unless otherwise provided by law, agencies engaged in the production of soil, animal and/or fishery products as a special project or income producing activity, shall be maintained/record in a separate revolving fund books
- 1.2 Transactions which form part of the regular function of the agency such as animal and plant dispersal program may be maintained in the general fund books or as trust liability, as a may be provided for by law and regulations.

2. Procurement

- 2.1 Purchase of agricultural products and supplies shall be governed by the established procedures on government procurements.

3. Sales/Collection

- 3.1 Sales made at the respective project site shall be issued serially numbered provisional receipts/sales invoices.

- 3.2 Cash shall be turned over to the cashier weekly or once the amount reaches P500, together with a copy of the Daily Production and Sales/**Disposal Report (DPSDR)**.
- 3.3 The cashier shall issue an official receipt (General Form 13A) for all collections and/or proceeds of agricultural products turned – over by respective project managers. A original report is submitted to Accounting for recording in the books of accounts.
- 3.4 Sales on account shall be made only upon proper authority.

4. Accounting

- 4.1 Recording of the transactions shall use the accounts prescribed in the Standard Government Chart of Accounts. The Accounts involved and the illustrative journal entries are shown in annexes 1 and 2, respectively.

IV. Specific Guidelines

A. Animal, Poultry and Fishery Products

1. The accounting treatment of animal products which are purchased or acquired free of charge. Shall vary according to the purpose of their acquisition, as follows:
 - a. Breeding animals are classified as investment.
 - b. Work animals are classified as fixed assets.
 - c. Those intended for resale are treated as inventories – items for sale
2. Animal products for immediate sale or disposal such as eggs, dairy, and other small animals shall be taken up as inventory – items for sale.
3. All offspring of animals to be raised or grown shall be taken up initially as inventories – growing animals, upon birth, with a corresponding credit to deferred income.
4. Offspring of large animals such as cattle shall be reported in the Report of Animal Birth (Exhibit 1).
5. All other animals and animal products produced shall be reported in the Daily Production and Sales/Disposal Report (DPSR) as shown in Exhibit 2. The project manger shall prepare the DPSR within two days

from birth of animals or harvest of farm products. The reports shall be accomplished in five copies to be distributed as follows:

Original – Agency Head
Copy 1 – Accounting
Copy 2 – Property Officer
Copy 3 – Cashier
Copy 4 – File of Project Manager

6. Offspring of animals and those acquired free of charge shall be recorded at standard costs prevailing in the industry. In the absence of such industry standards, each agency head shall constitute an Appraisal Committee to develop a cost system for each variety or species of animal on the basis of prevailing market prices.
7. Upon reaching marketable or maturity age and once their purpose has been determined, the offspring of animals shall be transferred to appropriate accounts either as inventories –n items for sales, investment or fixed assets.
8. Animals which perished or issued for institutional use or consumption, shall be supported by a properly approved Requisition and Issue Voucher (RIV) and dropped from the inventory account. In case of loss, a request for relief from accountability shall be made. Loss due to negligence of the accountable officer Concerned shall be chargeable against him and ht amount to be refunded shall be based on the prevailing market value determined by an Appraisal Committee created by the agency head concerned.
9. A livestock ledger card (Exhibit 3), to be kept by the property officer shall be maintained for each large animal such as cattle, carabao, horse, etc., recorded as investment or fixed assets.
10. Their respective offspring shall be recorded in the livestock ledger card of the mother and temporary number is assigned to them. The temporary number shall be prefixed by the mother's number and each offspring shall be consecutively numbered. For example, Cow No. 200 will have her calves numbered 200 – 1, 200 – 2 and so forth. The temporary number will be replaced by the brand number which will be its permanent number until its disposal. Upon branding, the offspring will acquire its own property card.

- 10.1 Small animals such as swine, poultry, and fishery acquired/produced by lot shall be recorded in the livestock ledger card by lot.
- 10.2 Large animals should be appraised quarterly and/or at the time of disposal. A report on the appraised/standard cost determined shall be submitted by the Appraisal Committee to the agency head, copy furnished the accountant and the property officer. The chief accountant shall prepare a journal voucher to adjust the inventory/investment/fixed asset account for livestock to its appraised value. The property officer shall likewise up – date the property ledger card based on the appraisal/standard cost report.
- 10.3 A monthly report of inventory (Exhibit 5) shall be prepared for animals and poultry products within 10 days after the end of the month, copy furnished the chief accountant.
- 10.4 In case of death of offspring the project manager shall likewise submit a report (Exhibit 4) to the agency head within two days. The report shall also the value of the animal stating therein, causes/reasons of death and other necessary details. The report shall also be accomplished in five copies to be distributed as above.

B. Soil Products

1. Seeds and seedlings purchased or acquired free of charge shall be taken up in the books as inventory- seedlings.
2. Perennial crops which do not need periodic replanting (such as coconuts, mangoes, etc.,) shall be recorded as investments – perennial crops.
3. Annual crops (such as palay, corn, sugar, etc.) which need periodic replanting shall be transferred to inventory – items for sales, upon harvest. Fruit bearing annual crops such as bananas, tomatoes, papaya, etc., shall be transferred to inventory – annual crops upon reaching productive age.
4. Fruits of annual and perennial crops shall be recorded as debit to increase – items for sale and credited to deferred income at a standard cost, upon harvest.

5. Standard cost for soil products may be developed as provided for under No. IV – 1.6.
6. Soil and agricultural products given away or consumed, upon proper authority and supported by an RIV shall be dropped from the books. Those items which deteriorated or were spoiled due to natural causes shall be supported by a report or waste materials which shall be the basis for dropping the inventory account from the books. The report under IV – 1.13 and Exhibit 4 shall also be prepared by the project manager.
7. All soil products harvested shall likewise be reported in the DPSR and monthly report of inventory.
8. for agricultural crops, the project manger shall submit within one month after planting a report of planted crops (Exhibit 6).The report shall be submitted to the account copy furnished the property officer.

**NATIONAL BUDGET CIRCULAR LETTER NO. 92 – 8
November 18, 1992**

To: Heads, Budget Officers, Chief Accountants/Bookkeepers of State Universities and Colleges, and all Others Concerned.

Subject: **GUIDELINES ON THE REVOLVING FUNDS (RFs) OF STATE UNIVERSITIES AND COLLEGES (SUCs) FOR THE OPERATION OF AUXILIARY SERVICES**

1.0 Purpose

1.1 To provide guidelines and procedures to implement Section 9 of the Special Provisions of SUCs on the operation of Auxiliary Services pursuant to R.A. No. 7180.

2.0 Guidelines

2.1 All receipts of SUCs shall be deposited with the Bureau of the Treasury as income of the General Fund except those provided for in this Circular to be treated as RFs and those exempted under other issuances.

2.2 Receipts from Auxiliary Services such as canteen operations, dormitory/hostel operations, printing press and infirmary of SUCs shall be constituted into a Revolving Fund.

2.3 The initial working capital for a one (1) month period shall be sourced from the regular MOOE allotment under the General Fund and shall be reported to DBM. No additional working capital shall be charged to MOOE unless authorized by DBM.

2.4 Income collections from the operations of the Auxiliary Services shall be deposited in an authorized government depository bank and shall accrue to the Revolving Fund.

2.5 Withdrawals from the Fund shall be done through the joint signatures of two (2) authorized personnel of SUCs.

2.6 All Expenses directly related to the operation and maintenance of auxiliary activities shall be charged directly against the Fund.

2.7 At year end, SUCs shall retain the initial working capital. However, the net income from the operation of the Fund shall be remitted to the National Treasury to accrue to the General Fund.

2.8 Records of all transactions of RF for auxiliary services of SUCs shall be maintained in a separate Books of Accounts under Fund 163.

1.0 Reporting Requirement

The State Universities and Colleges concerned shall submit to DBM and to Congress a quarterly report of the income from this Fund and a quarterly report of expenditure. In case of failure to submit said requirements, no withdrawal in the subsequent quarter shall be allowed except upon certification of DBM that said report was submitted.

In addition, a Year-end Annual Report on the operation these revolving funds shall be submitted to DBM and Commission on Audit not later than the 28th day of the following month covered by the report including a copy of the remittance advice which evidences that deposit of the net income of RF for auxiliary services with the National Treasury as income of the General Fund.

4.0 Saving Clause

Cases not covered in this Circular, including provisions which require further clarification prior to implementation, shall be referred to the Accounting and Finance Bureau-B, Department of Budget and Management.

5.0 Effectivity

This circular shall take effect CY 1992.

(Sgd.) **SALVADOR M. ENRIQUEZ JR.**
Secretary

EXCERPTS FROM REPUBLIC ACT NO. 8292

AN ACT FOR THE UNIFORM COMPOSITION AND POWERS OF THE GOVERNING BOARDS,. THE MANNER OF APPOINTMENT AND

TERM OF OFFICE OF THE PRESIDENT OF CHARTERED STATE UNIVERSITIES AND COLLEGES, AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

Section 1. Short Title – This act shall be known as the “ Higher Education Modernization Act of 1997”.

Section 2. Declaration of Policy – It is the declared policy of the State to establish, maintain, and support a complete, adequate and integrated system of education relevant to the needs of the people and society. Towards this end, the composition of the governing boards of chartered state universities and colleges si hereby modified in order to a) achieved a more coordinated and integrated system of higher education; b) render them more effective in the formulation and implementation of policies on higher education; c) provide for more relevant direction in their governance; and d) ensure the enjoyment of academic freedom as guaranteed by the Constitution.

Section 3. The Governing Boards; Manner of Appointment

Section 4. Powers and duties of Governing Boards – The governing board shall have the following specific powers and duties in addition to its general powers of administration and the exercise of all the powers granted to the board of directors of a corporation under Section 36 of Batas Pambansa Blg. 69, otherwise known as the Corporation Code of the Philippines.

d) Any provision of existing laws, rules and regulations to the contrary notwithstanding, any income generated by the university or college from tuition fees and other charges, as well as from the operation of auxiliary services and land grants shall be retained by the university or college, and may be disbursed by the Board of Regents/Trustees for instruction, research, extension, or other program/projects of the university or college: Provided that all fiduciary fees shall be disbursed for the specific purposes for which they are collected.

r) to enter into joint ventures with the business and industry for the profitable development and management of the economic assets of the colleges or institution, the proceeds from which to be used for the development and strengthening of the college or university.

s) to develop consortia and other forms of linkages with local government units, institutions and agencies, both public and private, local and foreign, in furtherance of the purposes and objectives of the institution:

w) to privatize, where most advantageous to the institution, management and non – academic services such as health, food, building or grounds or property maintenance and similar such other.

The State Universities and Colleges concerned shall submit to DBM and to the Congress a Quarterly report of income from this Fund and a quarterly report of expenditure. In case of failure to submit said requirements no withdrawal in the subsequent quarter shall be allowed except upon certification of DBM that said report was submitted.

COMMISSION ON AUDIT CIRCULAR NO. 2000-02

TO: The Presidents, Members of the Board of Regents/Trustees, Chief Accountants/Heads of Accounting Units, Budget Officers, and COA

Auditors of State Universities and Colleges (SUCs); and All Others Concerned

SUBJECT: ACCOUNTING GUIDELINES AND PROCEDURES ON THE USE OF INCOME OF SUCs PURSUANT TO RA NO. 8292

1.0 Rationale and Purpose

At present, SUCs are authorized under Letter of Instruction Nos. 872 and 1026 to retain as Revolving Fund their income from food production and manufacturing operations deposited in authorized government depository bank (AGDB). Fund Codes 161 and 163 were issued by the Department of Budget and Management (DBM) for the purpose. In addition, Fund 164 was issued for use of a University which was granted authority to use all income accruing to it by virtue of Executive Order No. 714.

Under Section 4(d) of RA No. 8292, the Higher Education Modernization Act of 1997, SUCs are likewise authorized to deposit in any AGDB and treat as Special Trust Funds (STF), income from tuition fees and other necessary school charges, such as: matriculation fees, graduation fees, and laboratory fees. The law further authorized the BOR/T of SUCs to disburse such income and other charges, as well as those generated from the operation of auxiliary services and land grants, for instruction, research, extension or other programs/projects of the university or college. Such disbursements require a special budget duly approved only by the BOR/T which is now empowered by RA No. 8292 to appropriate the income of the university/college and allocate funds with feasibility.

In accordance with the constitutional function of the Commission on Audit (COA) governing promulgation of accounting and auditing rules and regulations and in order to provide specific guidelines on the utilization of income of SUCs constituted into STF pursuant to Section 4(d) of RA No. 8292, this Circular is hereby issued.

2.0 General Guidelines

1.1 The following provisions of RA No. 8292 and RA No. 8475, the General Appropriations Act for CY 1999 are hereby reiterated:

1.1.1 All income of SUCs from tuition fees and other necessary charges such as: matriculation fees, graduation fees, laboratory fees, medical and dental fees, library fees, athletic fees and other similar fees shall

be deposited in an AGDB and constituted as STF. All interests that shall accrue therefrom shall form part of the same Fund.

1.1.2 Income from university hospitals shall be earmarked and used exclusively for the operating expenses of the hospitals.

1.1.3 All fiduciary fees shall be disbursed for the specific purposes for which they are collected.

1.1.4 In no case shall the STF be used for the payment of salaries and the creation of new positions

1.2 The STF shall be used to augment the maintenance and other operating expenses and capital outlays of the university and to pay authorized allowances and fringe benefits to teachers and students who render services to the school.

1.3 A special budget for the utilization of the STF, supported by a Certification from the Chief Accountant that sufficient income has been realized, collected and deposited with an AGDB shall be approved by the BOR/T of the university/college.

1.4 The approved special budget shall be the basis of the Chief Accountant in recording appropriations and allotments.

1.5 A copy of the approved special budget shall be furnished to the DBM and the Accountancy Office, COA within ten days after approval.

1.6 Any balance of allotments at the end of the year shall be reverted to the Cumulative Results of Operation Unappropriated (CROU).

3.0 Specific Guidelines

1.1 Each university/college shall open a separate bank account for the STF wherein all income shall be deposited. All interest that shall accrue therefrom shall form part of the same Fund and shall be reported as interest income. A monthly bank reconciliation statement shall be prepared and submitted to the Accountancy Office, COA pursuant to COA Circular No. 92-125A.

1.2 The Chief Accountant shall maintain a separate set of books of accounts for the STF using Fund Code 164.

- 1.3 The Budget Officer shall prepare a special budget for the approval of the BOR/T to utilize the income deposited with AGDB.
- 1.4 No special budget shall be approved by the BOR/T unless it is supported by a certification signed by the Chief Accountant that available deposits is sufficient to cover its funding requirements.
- 1.5 Upon receipt of the duly approved special budget from the Budget Officer, the Chief Accountant shall draw a Journal Voucher to set-up the appropriations and record the allotments.
- 1.6 The Budget Officer shall furnish the DBM and the Accountancy Office, COA copies of the duly approved special budget within ten days after approval by the BOR/T.
- 1.7 The Chief Accountant shall follow the accounting entries shown as Annex A hereof in recording financial transaction pertaining to the STF.
- 1.8 At the end of the year, the Chief Accountant shall prepare a Detailed Schedule of Allotments and Obligations incurred (Annex B) and Breakdown of Income (Annex C) as supporting schedules of the Preliminary Trial Balance.

4.0 Saving Clause

Issues and cases arising from the implementation of this Circular shall be referred to the Accountancy Office, this Commission, for resolution.

5.0 Sanctions

Failure of the officials and employees concerned to comply with the requirements of this Circular shall subject them to disciplinary action in accordance with Section 55, Chapter 10, Title I-B, Book V of E.O. No. 292, the Revised Administrative Code of the Philippines.

6.0 Repealing Clause

All provisions or circulars, memoranda or other issuances which are inconsistent with the provisions of this Circular are hereby rescinded, repealed and/or modified accordingly.

7.0 Effectivity

This circular shall take effect January 1, 2000.

(Sgd.) RAUL C. FLORES
Commissioner

(Sgd.) EMMANUEL M. DALMAN
Commissioner

(Sgd.) CELSO D. GANGAN
Chairman

