

Republika ng Pilipinas
(Republic of the Philippines)
MINISTRI NG EDUKASYON AT KULTURA
(MINISTRY OF EDUCATION AND CULTURE)
Maynila

February 12, 1981

MEC O R D E R
No. 9, s. 1981

RULES AND PROCEDURES CONCERNING THE CREATION OF SCHOOL
REVOLVING FUND FOR AGRICULTURAL OPERATIONS

To: Bureau Directors
Regional Directors
Chiefs of Services and Heads of Units
Schools Superintendents
Presidents, State Colleges and Universities
Vocational Schools Superintendents/Administrators

1. Inclosed is a copy of the National Budget Circular No. 331 dated November 27, 1980 on the subject "Revolving Fund for School Agricultural Operations," which is self-explanatory.
2. Conformably thereto it is hereby directed that the prescribed rules and procedures on the creation of a school revolving fund out of income realized under the food production program be strictly followed by all concerned.
3. This Order shall take effect immediately.

(SGD.) ONOFRE D. CORPUZ
Minister of Education and Culture

Incl.: As stated

Reference:
None

Allotment: 1-2-3--(D.O. 1-76)

To be indicated in the Perpetual Index
under the following subjects:

CAMPAIGN (Food Production)	SCHOOLS
FUNDS	STUDENTS
OFFICIALS	UNIVERSITIES and COLLEGES
PROGRAM, SCHOOL	VOCATIONAL EDUCATION
RULES & REGULATIONS	

(Inclosure to MEC Order No. 9, s. 1981)

Republika ng Pilipinas
MINISTRI NG GUGULING PAMPAMAHALAAN
Ministry of the Budget
Malacañang, Manila

NATIONAL BUDGET CIRCULAR NO. 331
November 27, 1980

TO : The Minister/Regional Directors, Ministry of
Education and Culture

Heads, Budget Officers, Chief Accountants/
Bookkeepers of State Universities and Colleges

National Agricultural/Fishery and Other Schools
Concerned

All Others 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 the food production program;
- 1.2 To prescribe rules and procedures concerning the creation of a school 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 Expan-

cial 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, seguidillas, mongo, soya beans and where suitable, fruit trees, fish, cattle, hogs, poultry, goats and other food sources.

3.2 Income

3.2.1 The food production effort 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 in a separate set of books of account under a special account in the General Fund using the 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 this proprietary 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 disbursements from the Fund may be used to pay for honoraria, overtime pay, or other additional compensation to schools superintendents, district supervisors, or other officials/employees except as may be approved under P. D. No. 985.

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

3.3.2 The 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.

3.3.3 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 requisites of LOLmp 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 with 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 on two (2) signatures:

- a) the school head, cashier, or other duly authorized personnel, and
- b) the school auditor or his duly authorized representatives.

3.4.2 The account may be opened upon receipt of notice of approval of the Food Production Plan by the Minister of the Budget.

3.4.3 State universities and colleges shall account for the revolving fund as special account in the general fund using the fund code 161. A separate trial balance shall be prepared in accordance with existing accounting rules and regulations.

3.4.4 National agricultural/fishery schools shall account for the revolving fund in their general fund books (101) by using sub-responsibility code "2", 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)", "0-94-110 (084)", "8-86-950 (084)", etc.

3.4.5 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 the regular 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 amounts involved shall be specified in the Food Production Plan referred to 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:

	<u>Agriculture</u>	<u>Fishery</u>	<u>Hog/Cattle Raising</u>	<u>Livestock</u>
Seedlings/piglets/calves/chicks/fry	5,000	5,000	5,000	5,000
Supplies & materials for maintenance such as fertilizers, insecticides, feeds, medicines, etc.	10,000	10,000	10,000	10,000
Direct labor	10,000	10,000	7,000	8,000
Farm implements and other equipment such as hand tools, work animals, tractors, etc.	<u>20,000</u>	<u>15,000</u>	<u>8,000</u>	<u>12,000</u>
Initial working capital	<u>45,000</u>	<u>40,000</u>	<u>30,000</u>	<u>35,000</u>
Proceeds from sale	<u>55,000</u>	<u>50,000</u>	<u>35,000</u>	<u>40,000</u>
Net Profit	<u>10,000</u>	<u>10,000</u>	<u>5,000</u>	<u>5,000</u>

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

5.1.1 Setting up of initial working capital

		Special Account Under the General Fund	
		<u>Fund Code 151</u>	<u>Fund Code 161</u>
a. Approval of special Budget	0-92-310	150,000	
	0-93-310	150,000	No entry
b. Receipt of Advice of Allotment (AA) and Cash Disbursement Ceiling (CBC)	0-93-310	150,000	
	0-90-000	150,000	No entry
c. Obligation for the IWC	0-90-000	150,000	
	0-82-000	150,000	No entry
d. Issuance of the check for IWC	0-83-000	150,000	
	8-70-703	150,000	No entry
e. Deposit of IWC in an authorized Government Depository Bank	No entry		8-70-302 150,000
			8-84-111 45,000
			8-84-112 40,000
			8-84-113 30,000
			8-84-114 35,000

5.1.2 Disbursement:

a. Agriculture and Fishery -

1. Purchase of seedlings and fry	No entry		8-84-111 5,000
			8-84-112 5,000
			8-70-302 10,000
2. Purchase of fertilizers, insecticides, fish foods, etc.	No entry		8-84-111 10,000
			8-84-112 10,000
			8-70-302 20,000
3. Direct Labor			
Cash Advance	No entry		8-70-502 20,000
			8-70-302 20,000
Payment	No entry		8-84-111 10,000
			8-84-112 10,000
			8-70-502 20,000

4. Purchase of farm implements, hand tools, tractors work animals, fish ponds, etc.		8-84-111	20,000
		8-84-112	15,000
	No entry	8-70-302	35,000
Corollary entry	No entry	8-78-???(084)	15,000
		8-79-???(084)	20,000
		0-94-110(084)	35,000
b. Hog/Cattle Raising -			
1. Purchase of piglets/calves, etc.	No entry	8-84-113	5,000
		8-70-302	5,000
Corollary entry	No entry	8-75-950(084)	5,000
		0-94-180(084)	5,000
		8-75-950	1
		0-94-180(084)	1
2. Purchase of grass, feeds, medicines, etc.	No entry	0-84-113	10,000
		8-70-302	10,000
3. Direct Labor			
Cash Advance	No entry	8-70-502	7,000
		8-70-302	7,000
Payment	No entry	8-84-113	7,000
		8-70-502	7,000
4. Purchase of equipment	No entry	8-84-113	8,000
		8-70-302	8,000
Corollary entry	No entry	8-79-???(084)	8,000
		0-94-110(084)	8,000
c. Livestock -			
1. Purchase of chicks	No entry	8-84-114	5,000
		8-70-302	5,000
2. Purchase of feeds, medicines, etc.	No entry	8-84-114	10,000
		8-70-302	10,000
3. Direct Labor			
Cash Advance	No entry	8-70-502	8,000
		8-70-302	8,000
Payment	No entry	8-84-114	8,000
		8-70-502	8,000
4. Purchase/construction of chicken house, feeding equipment, etc.	No entry	8-84-114	12,000
		8-70-302	12,000