

BUSINESS/FINANCE (BUS 6.9)

Topic: Remittance of Proceeds from By - Products

Policy:

It is the policy of the college that all cash receipts and collections have to be remitted and accounted for by Business Office. Thus, all sales and cash proceeds generated from by – products must be reported and remitted to the college's Business Office, and that programs and offices are not permitted to keep in their custody any cash receipts and collections.

Purpose:

To design internal control and processes in monitoring, recording and accounting of sales and cash proceeds from by – products.

Application:

This policy is applicable to all campus, divisions, offices and programs and services administered and managed by the College of Micronesia – FSM. All existing activities that are covered by this policy should immediately undertake the necessary actions to comply with the intent of this policy.

Definition:

By – products shall mean goods and services that are produced in the process of undertaking/accomplishing the activities, purposes and/or objectives of the program and/or services. By – products shall include but are not limited to the following:

- Proceeds from sales of pigs and other farm animals raised from the piggery, poultry and other livestock programs;
- Proceeds from the sales of seedlings, nursery plants and produce;
- Proceeds from sales of food items from restaurant and other business programs;
- Proceeds from services from any vocational programs such as carpentry, electronics, auto mechanic and refrigeration;
- Proceeds from sales of products constructed, fabricated, assembled and/or manufactured by any program;
- Proceeds from sales of excess t – shirts and other items from any activities.

Procedures:

1. The officer/staff in – charge in the administration of the program shall prepare a memorandum to the President to secure approval for Business Office to set – up a distinct account to record the sales and cash transactions of the program. The memorandum should include the following information:
 - Nature of the by – products;
 - Person responsible in selling the by – products;
 - Purpose to which the proceeds of the by – products will be used.

2. Business Office will set – up the accounts to be used and advise via email the program officer/staff and the business office staff at national campus or the respective fiscal officer at state campus.
3. The person responsible in selling the by – products must remit to business office or fiscal officer the proceeds of sales.
4. The business office or fiscal officer will accept the proceeds of sales and shall issue the receipt to acknowledge the receipt of cash and reported in the daily sales collections.
5. If proceeds will be used for disbursement, the obligating documents must be processed in accordance with the college’s disbursement policy and procedures, and that the purpose of the disbursement must be in accordance with the approved memorandum by the President.

Responsibilities:

- Program officer/staff – responsible in preparing the memorandum to secure approval from the President for Business Office to set – up a distinct account that will be used for the transactions of the program. He/she will also be responsible in ensuring that all cash sales and collections are remitted to business office.
- Business Office – responsible in establishing the account to be used and in accepting and recording the sales proceeds and collections of the by – products.