
INTERNAL AUDIT OFFICE SY 2016-2017 NON-APPROPRIATED FUNDS



AGENDA

- **NAF Audit and Manual Procedures (60 minutes)**
 - FY 2015 Audit Performance (SY 14-15)
 - Previous Training Highlights and Best Practices
 - Other Matters
 - Frequently Asked Questions (FAQs)
 - Other Best Practices
 - Resources
 - Break (10 mins)
- **Munis Procedures for SAF & TAF (60 minutes)**
 - Receipts
 - Disbursements
 - Adjustments/Corrections
 - Reporting



AUDIT PERFORMANCE

FISCAL YEAR (FY) 2015 FOR SCHOOL YEAR (SY) 2014-2015

SY 2014-2015 NAF PERFORMANCE

- For 14 years, NAF was a finding in GDOE's FY 2001 to FY 2014 Single Audit reports.
- In June 2016, NAF was reduced to a comment in GDOE's FY 2015 Management Letter.
- NAF is still a deficiency, but improvements have been made over the years.
 - Best practices performed by schools.
- Moving forward, there is an expectation to maintain or improve our NAF performance by removing the deficiencies.

AUDIT FINDINGS – CONDITION I

- Opening balances did not reconcile to prior year ending balances.
 - Late “cash outs” = late reports = balances are captured by Munis into the next school year.
 - At the EOY, if a school cashes out for SY 14-15 on August 28, 2015 but for SY 15-16 uses July 1, 2015 as the beginning date, this would create a variance between their ending balance for SY 14-15 and the beginning balance for SY 15-16.
 - Ending balance for SY 14-15 (Aug. 28, 2015) was \$500
 - Beginning balance for SY 15-16 (July 1, 2015) was \$300
 - The difference (variance) would be \$200
 - Ideally the SY runs from July 1 to June 30 of the following year. If cash outs are preformed on time, all schools should be using these dates as their beginning and end dates.

AUDIT FINDINGS – CONDITION 2

- Bank reconciliations were not timely and accurately performed.
 - 14 schools ended the SY with variances between their Munis report ending balance and their June 30 bank statement ending balance.
 - The purpose of the bank reconciliation form is to reconcile the differences between the Munis report and the bank statement (i.e. deposits in transits, bank charges, and outstanding checks).
 - The bank reconciliation form is to be done on a monthly basis.
 - Best practice: be sure to make notes explaining any differences in the bank reconciliation form.
 - Differences
 - More in Munis than in bank (more significant) = receipts were not deposited or check were not withdrawn. For checks that were not withdrawn, the check should voided and then inputted back into Munis.
 - More in bank than in Munis, enter transactions into Munis
 - For correction entry procedures, FMIS will present those steps.
 - If balances cannot be reconciled at the school level, then IAO should be contacted immediately for assistance.

Annual Bank Reconciliation

Student Activity Fund / Trust and Agency Fund

For School Year 2014-2015

School Year: 2014-2015 7/20/2015

Balance on Munis \$ 25,277.08 Balance on Bank Statement \$ 17,536.30

Less: Bank Charges and Fees

Plus: Deposits in Transit

Description:	Amount:
	\$ -
	\$ -
	\$ -
	\$ -

Date:	Amount:
	\$ 11,926.94
	\$ -
	\$ -
	\$ -

Total: \$ -

Total Deposits in Transit: \$ 11,926.94

Less: Checks Outstanding

Auditor's Note: Bank Reconciliation was for the entire year (not monthly), was incomplete, and had incorrect bank balance. Balance on Munis used was as of June 30, 2015. June 2015 bank balance was \$23,043.14.

Check No.:	Amount:
	\$ 4,236.16
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

Total Checks Outstanding: \$ 4,236.16

*Correct Munis Balance \$ 25,277.08

*Correct Bank Balance \$ 25,227.08

*Balances MUST Agree

**DEPARTMENT OF EDUCATION SOUTHERN HIGH SCHOOL
BANK RECONCILIATION (SAF)
FOR THE MONTH OF SEPTEMBER 2015**

SY 2015-2016

School Account: SOUTHERN HIGH SCHOOL		Student Activity Fund		SEPTEMBER 2015	
Balance on General Ledger Control:	\$14,437.35	Balance on Bank Statement:	\$14,375.05		
LESS: Bank Charges and Fees:		ADD: Deposit in Transit			
Description	Amount	Date		Amount	
		9/29/2015		\$ 212.30	
Total: Bank Charges and Fees:		Total Deposit in Transit:		\$ 212.30	
Less Outstanding Checks:					
Total Book Balance/Bank Charges/Fees:		Check No.	Check Amount	Check No.	Check Amount
		4341	\$ 150.00		
		Sub-Total:	\$150.00		
Adjusted Book Balance:	\$14,437.35	Adjusted Bank Balance		\$ 14,437.35	

THE ADJUSTED BOOK BALANCE SHOULD EQUAL TO THE ADJUSTED BANK BALANCE

NOTE: The amount of \$ 212.30 was correctly entered into SAF Munis however; the deposit was made into the TAF account with the bank. Will need to make a correction by writing a check from TAF to deposit into SAF bank account.

AUDIT FINDINGS – CONDITION 3

- Lack of supporting documentation
 - Missing documents
 - Receipts: Cash count sheets, bank receipts
 - Disbursements: Voucher forms, payment receipt or invoice from vendor
 - Incomplete signatures on forms.
 - Schools can update forms for proper signatures.
 - Untimely bank deposits (taking more than two business days).
 - Disbursements are not in line with the student organization's goals/objectives, for the students' benefit, or school improvement.
 - Ensure disbursements are in line with the BP 715 and your school's NAF SOP. If you are still unsure, then contact IAO.



PREVIOUS TRAINING HIGHLIGHTS AND BEST PRACTICES

NAF AND TYPES OF NAF

- NAF
 - Enabled by law, are not appropriated by the Legislature, and do not require legislative action to be spent.
- Types of NAF
 - Student Activity Funds (SAF) – Cash raised, with the Guam Education Board (GEB)'s approval, by students for club activities.
 - Trust and Agency Funds (Campus Activity Funds or TAF) – Cash proceeds from activities such as lab, parking, food contractors, wet garbage, and donations.
 - SAF and TAF are Agency Funds held in trust by the school for the benefit of student clubs, of the whole student body.

RULES AND REGULATIONS

- Public Law 26-26
 - Enabling legislation for the Guam Department of Education (GDOE)'s NAF.
- Title 17 of the Guam Code Annotated Section 3210
 - Requirement for GEB to create rules and regulations to regulate the conduct, safeguarding, and audit of funds raised by students.
- GEB Policy 715
 - Management of non-appropriated student activities funds.
- NAF Standard Operating Procedures
 - Requirement of GEB Policy 715 for schools to have to assure proper accounting for and expenditures of all student activity funds.

RECEIPTS

- Club Advisor submits fundraiser request to Principal. If approved, proceed to fundraise.
- Club Treasurer and Advisor completes Cash Count Sheet.
- Club Advisor submits cash collections to Cashier and Cash Count Sheet to the School Treasurer.
- Cashier verifies cash collections, prepares deposit slip, and deposits cash collections to the bank, daily.
- School Treasurer enters Cash Count Sheet information into Munis via Activity Transaction.
- School Treasurer provides a copy of Munis receipt to Club Advisor.
- School Treasurer acquires bank receipt/deposit slips from Cashier.
- School Treasurer provides completed Cash Count Sheet, Munis receipt, and deposit slip to the Assistant Principal, weekly/monthly.
- When documents are complete and posted transactions are accurate, Assistant Principal “cash out” from Activity Transaction in Munis.

RECEIPTS – BEST PRACTICES

- Lump sum deposits
 - Staple all Munis receipts to the bank deposit slip copy and/or bank receipt. The total of the Munis receipts should equal the bank deposit slip and/or bank receipt.
 - Write the Munis receipt numbers on the bank receipt.
- Preventing duplicate Munis entries
 - Write the Munis receipt number on the cash count sheet
 - Print and staple the Munis receipt immediately after entry.
- If cash is stored at the school, ensure cash is kept in a secure storage only accessible to authorized personnel.
- Cash generated after school hours or during the weekend should be counted by the person collecting the cash and verified by the person receiving before it is securely stored in the school.

GUAM DOE
500 MARINER AVENUE
BARRIGADA, GU 96913-1608

SIMON A. SANCHEZ HIGH SCHOOL

Receipt: 47304797	Receipt date: 05/27/2015
Received from: CLASS OF 2015	

<u>Payment Method</u>	<u>Check Date</u>	<u>Amount</u>	<u>Notes</u>
cash		728.00	PROM TICKET SALES

<u>Activity</u>	<u>Action</u>	<u>Amount</u>
CLASS OF 2015 FUNDRAISERS	473 CLASS OF 2015 REVENUE	728.00
	Total	728.00



BANK OF GUAM

Member FDIC

ALL ITEMS ARE ACCEPTED SUBJECT TO OUR RULES AND REGULATIONS APPLICABLE TO THIS ACCOUNT.

COPY

FOR DEPOSIT TO THE ACCOUNT OF

NAME Simon A. Sanchez High School (Student - class of 2015)

ADDRESS 395 Juan Jacinto Road Yigo Guam 96929

DATE 5/27/15

SIGN HERE FOR LESS CASH IN TELLERS PRESENCE
LESS CASH ONLY AVAILABLE TO PERSONAL ACCOUNTS,
NOT AVAILABLE ON BUSINESS ACCOUNTS.

101-8151814

CHECKING DEPOSIT

USE OTHER SIDE FOR ADDITIONAL LISTING.
BE SURE EACH ITEM IS PROPERLY ENDORSED.

CASH ▶

DEPOSITED

TOTAL FROM OTHER SIDE ▶

TOTAL ▶

LESS CASH RECEIVED ▶

NET TOTAL \$

	728.00
	728.00
	728.00

Deposits May Not Be Available For Immediate Withdrawal

ACCOUNT NUMBER
0117021462

BCV MAY 20 15

⑆ 221405115 ⑆

10

DISBURSEMENTS FOR SAF

- **FUNDS RAISED BY A CLUB DURING THE SCHOOL YEAR MUST BENEFIT THE CLUB MEMBERS OF THAT SCHOOL YEAR.**
- If withdrawal of funds is for a school activity, an activity request form must be completed and submitted to the Principal for approval.
- Club Treasurer ensures the club has enough money to spend.
- Majority of a club's members vote on the expenditure.
- Club Secretary writes about the voting that took place in the club's meeting minutes.
- Club Treasurer and Club Advisor signs the Student Activity Fund Organization voucher.
- Club Advisor submits completed voucher, approved activity request form (if applicable), club's meeting minutes, and price quote(s) to the School Treasurer.

DISBURSEMENTS FOR SAF (CONT'D.)

- School Treasurer ensures all records are accurate and complete; and signs voucher.
- If less than \$100, Principal approves and returns the voucher to the School Treasurer.
- If over \$100, Money Committee approves and returns the voucher to the School Treasurer.
- School Treasurer prepares check for Assistant Principal(s) and/or Principal's signatures.
- School Treasurer provides check to Club Advisor.
- Club Advisor pays and acquires original receipt from vendor.
- Club Advisor submits receipt to School Treasurer.
- School Treasurer compiles receipt with the voucher, approved activity form (if applicable), price quotes, and meeting minutes.

DISBURSEMENTS FOR TAF

- **DISBURSEMENTS ARE FOR STUDENTS' BENEFIT or SCHOOL IMPROVEMENT**
- Individual acquires Organization Voucher (Other than Student Organization) Form from the School Treasurer.
- Individual completes voucher and submits it (and the price quotes) to the School Treasurer.
- School Treasurer ensures all records are accurate and complete; and signs voucher.
- Money Committee approves disbursements over \$100. Otherwise, Principal approves.
- School Treasurer prepares check for Assistant Principal(s) and/or Principal's signature.
- School Treasurer provides check to individual.
- Individual pays vendor with the check and obtains original receipt from the vendor.
- Individual submits original receipt from vendor to School Treasurer.

DISBURSEMENTS – BEST PRACTICES

- Price Quotes
 - If buying goods or paying for services, individual acquires one price quote (if expenditure is less than \$500) or three price quotes (if more than \$500).
 - Although this is just a best practice, there is an expectation that schools are doing their due diligence to get the best value for goods and services.
 - Some examples of how to obtain quotes are telephonic, memo to file, quotes from vendors and for online purchases a screen capture of the product.
- Reimbursement
 - Documentation from vendor stating they do NOT accept checks or a screen capture of payment options showing that check are not accepted for online purchases.
 - Documentation showing: cost, proof of payment made (i.e. receipt via email from vendor), approved voucher form with notations that the vendor does not accept check, and acknowledgement that the person was reimbursed.

VOUCHER (Other Than Student Organization)
REQUEST FOR WITHDRAWAL OF FUNDS

Date of Request: 1/20/15 Voucher Number: 34167
Name of Fund/Organization: Athletic Dept. Inputted on: 1/21/15 Initial: RA
Pay To The Order of: Home Depot
In The Sum Of: Three Hundred Ninety Eight DOLLARS \$ 398.00
(Word Form) (Standard Form)

For goods or services as described below and in attached minutes and verified by the attached sales slip, invoice statement, receipt or order.

*** Request must be submitted at least (3) days in advance for any action to be taken and may take up to Five (5) business days for requests exceeding \$100.00 ***

Description/Explanation for Withdrawal:
Refrigerator To keep ice and drinks for athletic teams. Also ice to assist with injuries.

PLEASE PROVIDE BALANCES OF ACCOUNT:
BEFORE WITHDRAWAL: \$ _____ AFTER WITHDRAWAL: \$ _____ SCHOOL TREASURER: _____

*Receipts must be submitted immediately after fund is expended.

MONEY COMMITTEE: Expenditures in excess of one hundred dollars (\$100) only. SIGNATURES:
[Signature] Faculty Member [Signature] Staff Member [Signature] Student Member

DISBURSEMENT APPROVAL (any amount)
[Signature] Requesting Teacher
[Signature] School Treasurer/Bookkeeper
[Signature] Department Chair
[Signature] Approved: Principal

Check Number: 912 Amount: \$ 398.00
Received by (Print): RANDY KARIGI Date: 1/21/15 Time: 2:41 P
Signature: [Signature] Receipt/Invoice Submitted Date: 2/2/15 Initial: [Signature]



QUOTE

Store 1710 GUAM - TAMUNING
295 CHALAN PASAHERU
TAMUNING, GU 96913

Phone: (671) 648-0440
Salesperson: GBS6SC
Reviewer:

SOLD TO	Name KAKIGI RANDAL		Home Phone (671) 489-2665	
	Address PO BOX 6373		Work Phone	
			Company Name	
	City TAMUNING		Job Description QUOTE	
	State GU	Zip 96931	County GUAM	

QUOTE

2015-01-17 12:23
Prices Valid Thru: 01/24/2015

CUSTOMER PICKUP #1	MERCHANDISE AND SERVICE SUMMARY	We reserve the right to limit the quantities of merchandise sold to customers
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REF # W02		SKU # 0000-515-664		Customer Pickup / Will Call		
STOCK MERCHANDISE TO BE PICKED UP:						
REF #	SKU	QTY	UM	DESCRIPTION	PI TAX PRICE EACH EXTENSION	
R01	0000-570-860	1.00	EA	HMDR1030WE VISSANI 10.CF TOP MOUNT /	A Y \$398.00 \$398.00	
SCHEDULED PICKUP DATE: 02/16/2015					MERCHANDISE TOTAL:	\$398.00
END OF CUSTOMER PICKUP - REF #W02						

TOTAL CHARGES OF ALL MERCHANDISE & SERVICES		
Policy Id (PI): A: 90 DAYS DEFAULT POLICY.....		ORDER TOTAL \$398.00
		SALES TAX \$0.00
		TOTAL \$398.00
		BALANCE DUE \$398.00
The Home Depot reserves the right to limit / deny returns. Please see the return policy sign in stores for details.		
END OF ORDER No. 1710-423921		

WILL CALL
Will Call items will be held in the store for 7 days. For Will Call merchandise pick up, proceed to Will Call/Service Desk area (Pro Customers, proceed to the Pro Desk).

TERMS AND CONDITIONS

*** CONTINUED ON NEXT PAGE ***

NOT VALID FOR MERCHANDISE PICKUP

FOR WILL CALL
MERCHANDISE PICK-UP
PROCEED TO WILL CALL OR
SERVICE DESK AREA
(Pro Customers, Proceed To The Pro Desk)

**SIMON SANCHEZ HIGH SCHOOL
ADMINISTRATIVE FUND**
308 JUAN ALCAZAR RD
MIDDLETOWN, NJ 07730
(973) 664-2913

Bank of America
Branch of GRAM
200 Main St. 1st Floor
Middletown, NJ 07730

Pay to the Order of *Home Depot*

Three Hundred Ninety-eight & no/100

DATE *21 January 2015*

\$ *398.00*

Chun-Stevey

912
18-21-2015

VOID VOID VOID



More saving.
More doing.™

295 CHALAN PASAHERU
TAMUNING, QJ 96913 167116480440

1710 30015 18448 01/22/15 01:15 PM
CASHIER ERENN - ERM0721

ORDER ID: 1710-423921
RECALL AMOUNT 398.00

SUBTOTAL	398.00
SALES TAX	0.00
TOTAL	\$398.00
CHECK	398.00

XXXXXX1514
AUTH CODE 002093 TA



1710 15 18448 01/22/2015 9003

THE HOME DEPOT RESERVES THE RIGHT TO
LIMIT / DENY RETURNS. PLEASE SEE THE
RETURN POLICY SIGN IN STORES FOR
DETAILS.

When you provide a cash payment, you authorize us to use the information from your check to process a one-time Electronic Funds Transfer (EFT) or draft drawn from your account, or process the payment as a check transaction. You also authorize us to process credit adjustments, if applicable. If your payment is returned unpaid, you authorize us to collect your payment and the Return Fee amount below by EFT(s) or draft(s) from your account. If you are presenting a corporate check, you make these representations as an authorized corporate representative.

For inquiries, please call TeleCheck customer service at 1-888-812-9580.

ELECTRONIC CHECK
RETURN FEE AMOUNT \$20.00
Merchant ID: 36361710
MERCH TRADE ID 201501221915 1710 15 1844
CHECK NUMBER 0912
TRACE TO 1400310000024648585506

REPORTING

- Ledger
 - General Ledger – main accounting record that shows all transactions, including reversals and voids, for all accounts for one year.
 - Subsidiary Ledger – accounting record of all transactions for one sub-account. For example, all of Class of 2015's transactions will be shown in its subsidiary ledger.
- Bank statement and bank reconciliation
 - Bank statement – provided monthly by the bank, shows the receipts and disbursements that went through the bank.
 - Bank reconciliation – document that shows accounting for the difference between bank statement balance and Munis report for the month. It lists the amount of deposits in transit, outstanding checks, bank charges, interest earned, and errors.
- Munis report
 - Monthly – recommended to be submitted to the IAO monthly. The monthly report consists of general and subsidiary ledgers, bank statement, bank reconciliation, monthly, and annual Munis reports from the first to the last day of each month.
 - Annual – submitted to the IAO by July 15 of each year. The annual report consists of general and subsidiary ledgers, bank statement, bank reconciliation, monthly, and annual Munis reports from July 1 to June 30 of each year.

REPORTING (CONT'D.)

- School Treasurer receives monthly bank statement.
- School Treasurer prepares bank reconciliation to match balances in Munis, bank statement, and General Ledger.
- School Treasurer provides monthly bank statement, bank reconciliation, Munis report, and General Ledger to Principal.
- When bank statement and Munis balances reconcile, Principal “clear” transactions in Munis.
- School Treasurer prepares monthly folder of NAF to include all supporting documents for receipts, disbursements, and reports.
- School Treasurer prepares Monthly and Annual Reports to provide to IAO.
- Eventually, general ledgers will be replaced by Munis reports. Due to the number of deficiencies found between reports and learning curve of school staff using Munis, currently, both manual and electronic reports are needed.



OTHER NAF MATTERS

FREQUENTLY ASKED QUESTIONS

- Audits – I found deficiencies in our school's NAF process, can my school be audited; Why hasn't my school been audited; or I submitted an audit request, why hasn't my school been audited?
 - At the end of each SY, each school's annual report (Munis and bank statement balances and bank reconciliations) are reviewed through a variance analysis.
 - The NAF annual report balances go through two reviews, the first is through IAO and the second is through our external auditors.
 - We audit specific schools based on risk such as high variances, audit requests, hotline tips, NAF issues during the SY, and no prior audits or reviews.
 - For schools with significant NAF problems and at the Superintendent's request, we also conduct separate audits throughout the SY. For example, we performed investigative audits of JQSMES' library fund and SY 14-15 NAF disbursements.
- Reimbursement - When vendors do not accept checks, can a person be reimbursed if the person uses his/her personal funds to cover for the purchase? For the past SY, this has been for online purchases.
 - For SAF, it is not allowed. For TAF, it is highly discouraged. Seek guidance from IAO.

OTHER BEST PRACTICES

- SOPs
 - Ensure your NAF SOP is current and approved.
 - Should be updated as often as needed and catered to your school's operations.
- Communication with Student Organizations and NAF personnel
 - Student Organizations Club Advisors should be informed of your school's NAF SOP and their organization's monthly balances. They can verify amounts against their own ledgers/Treasurer's Reports.
 - If Student Organizations are constantly non-compliant, consequences can be implemented by the school.
 - NAF personnel should be aware of your school's NAF SOP, trained, have alternates, and have proper transition
 - Some schools' NAF personnel assist each other
- Creation of sub-accounts
 - Clean accounting of funds received and disbursed for a specific purpose (i.e. GDOE 5K and Foundation Grant Funds)

RESOURCES

- NAF quarterly Munis balances, and annual Munis and bank balances and bank reconciliation are posted in the IAO website. <http://gdoeiao.weebly.com/non-appropriated-funds.html>
- GDOE's Financial and Single Audit Reports are posted in IAO's website at <http://gdoeiao.weebly.com/financial-and-single-audit-reports.html>, and in the Office of Public Accountability's website at <http://opaguam.org/>.
- The reference materials (i.e. PowerPoint, handouts) used in this training and other guidance are also posted in IAO's website. <http://gdoeiao.weebly.com/advisory-services.html>

IAO HOTLINE

To report fraud, waste or abuse in GDOE, you may use the following options:

1. CALL (671) 300 - 1340.
2. Visit IAO at GDOE in Barrigada, Guam.
3. Write regular mail to:
GUAM DEPARTMENT OF EDUCATION
INTERNAL AUDIT OFFICE
500 MARINER AVENUE
BARRIGADA, GU 96913-1608
4. Contact any of the IAO staff. Their contact details are listed on this [page](#).
5. Complete the online form on the right hand side of this page.


Name (optional)

First

Last

Email (optional)

Phone Number (optional)

Report information * 

Submit

CONTACT INFORMATION

Auditor-in-Charge Joy Bulatao, CGFM

E-mail: jvbulatao@gdoe.net

Work phone: (671) 300-3695

Auditor Carmela Vi

E-mail: cavi@gdoe.net

Work phone: (671) 300-1273



GDOE Internal Audit Office

E-mail: iao@gdoe.net

Website: <http://www.gdoeiaio.weebly.com/>

Mailing Address: 500 Mariner Avenue,
Barrigada, Guam 96913