
INTERNAL AUDIT OFFICE SY 2015-2016 NON-APPROPRIATED FUNDS



AGENDA

- Overview (15 minutes)
 - Non-Appropriated Funds (NAF) and Types of NAF
 - Rules and Regulations
 - School Responsibilities
- Procedures for SAF & TAF (90 minutes)
 - Receipts
 - Break (10 minutes)
 - Disbursements
 - Break (10 minutes)
 - Reporting
- Common Deficiencies (55 minutes)
 - Frequently Asked Questions
 - Audit Findings
 - Question and Answer



OVERVIEW



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 the DEED program, rent, 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 or of students enrolled in the DEED program (for the DEED proceeds).

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.

RULES AND REGULATIONS (CON'T)

- 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.

SCHOOL RESPONSIBILITIES

- Principal
 - Held responsible and accountable for all school activity funds.
 - Ensures that Public Law 26-26, Board Policy 715, and the school's NAF SOP are implemented and followed.

SCHOOL RESPONSIBILITIES (CONT'D.)

- Money Committee
 - Principal as Chairman, Faculty Staff Member, and Student body president, treasurer or member designated by the school faculty or a Parent.
 - Oversee the receipts and expenditures
 - Final approval of all expenditures over \$100 from SAF
 - Opens a bank account for SAF
 - Appoints School Treasurer

SCHOOL RESPONSIBILITIES (CONT'D.)

- Assistant Principal
 - Ensures that the NAF Funds monthly and annual financial reports are submitted timely.
 - Ensures that the deposits are made daily or assign a designate to perform responsibility during absence.
 - Approves all vouchers and payments and ensure that it is properly documented.

SCHOOL RESPONSIBILITIES (CONT'D.)

- School Treasurer
 - Verifies all money being deposited to the bank with the cash count sheet and receipts.
 - Ensures that deposits are made to the bank on a daily basis.
 - Records and maintains all NAF accounts (General Ledger and Subsidiary Ledgers).
 - Reviews all vouchers to ensure that all supporting documents such as receipts, required signatures, meeting minutes, and voucher are complete.
 - Prepares monthly statements of accounts for all clubs/organizations.

SCHOOL RESPONSIBILITIES (CONT'D.)

- Student Clubs
 - Officially sanctioned and approved by the Principal.
- Club Advisor(s)
 - Trains and supervises student in the conduct of their activities.
 - Ensures all voucher requests are filled out properly with appropriate approval signatures and required documents.

SCHOOL RESPONSIBILITIES (CONT'D.)

- Club Advisor(s) (CONT'D)
 - Ensures all monies and records related to the activities are properly controlled, receipted, and deposited.
 - Assists and guides the club/organization student treasurer to prepare any required financial reports.
 - Meets quarterly with the School Treasurer to reconcile club/organization ledger with the school ledger.
- Club Treasurer
 - With the Club Advisor, responsible for the management of the club's fund.

PROCEDURES FOR SAF AND TAF

[HTTPS://MUNISTEST.GDOE.NET](https://munitest.gdoe.net)



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.

RECEIPTS (CONT'D)

- 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.

CORRECTION ENTRY - REVERSALS

- Before cash out:
 - Re-enter the information but assign a new receipt number. Attach the old receipt to the new receipt.
 - On the Munis Cash Balances report, under “Type”, the transaction would be labeled as “receipt reversal”. Only receipts could be reversed.

CORRECTION ENTRY – REVERSALS (CONT'D)

- After cash out:
 - Enter a disbursement with the same amount indicated on the old receipt. Create a new receipt after with the corrected amount. For example, the amount was supposed to be \$5.50 but the old receipt shows \$6.00. So, a disbursement entry will be made for \$6.00 to remove the old receipt. Then, a new receipt will reflect the corrected amount of \$5.50.

OR

- Enter a receipt with an amount showing the difference. For example, the amount was supposed to be \$5.50 but the old receipt shows only \$5.00. A new receipt would be created to show \$0.50.
- For both instances, write a note for the transaction.

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.
- If buying goods or paying for services, club acquires one price quote (if expenditure is less than \$500) or three price quotes (if more than \$500).
- Club Treasurer ensures the club has enough money to spend.

DISBURSEMENTS FOR SAF (CONT'D.)

- 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.
- 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.

DISBURSEMENTS FOR SAF (CONT'D.)

- 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.
- 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).
- Individual completes voucher and submits it (and the price quotes) to the School Treasurer.

DISBURSEMENTS FOR TAF (CONT'D)

- 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.

CONTRACTS

- Contracts refer to written agreements between a school-sponsored organization and an outside organization or vendor.
- Commonly used for use of hotel venues and purchase of t-shirts.
- Advisors and club officers should remember to carefully read over and understand a contract before submitting for approval by the Principal or his/her designee. The obligations agreed to must be carried out.

CONTRACTS (CONT'D)

- The Principal or his/her designee is the only authorized person to enter into contracts/agreements with outside organizations/vendors. The administrator must approve and sign contracts/agreements before the Advisor submits it to the vendor.
- A copy of the proposed contract must be attached to the activity request for approval.
- A copy of the approved contract must be attached to the voucher request when withdrawing money.
- Failure to follow contract procedures will obligate the advisor to incur all costs.

CORRECTION ENTRY – VOIDS AND NEGATIVE BALANCES

- Munis does not have a feature for voiding checks.
- However, the check could be updated in the disbursement side.
 - Delete the check or re-enter a new amount.
 - Staple voided check with transaction.
- Per Board Policy 715, no disbursements will be made if the account has negative balance or the disbursement will cause a negative balance.
 - The Principal shall be aware of any negative balance.
 - The Principal shall investigate and take timely corrective action to eliminate the cause of the negative balance.
 - Controls will be in place in Munis to prevent the occurrence of negative balances.

TRANSFER OF FUNDS

- From Club to Club
 - Each club provides meeting minutes showing agreement.
 - Meeting minutes showing that both clubs agree to transfer funds.
 - A “transfer” document showing signed disbursed by the club giving money and receipt by the club receiving the money.
 - Note the transfer in Munis.
 - A print out of Activity Transaction record showing the transfer of funds to be provided to both clubs and kept on file by School Treasurer.

TRANSFER OF FUNDS (CONT'D.)

- From SAF to TAF
 - At the end of the school year, clubs that will become inactive must reconcile all records **BEFORE** its balances are transferred to TAF.
 - The balances should be “zeroed” out and a check must be written from SAF to TAF (transfer between bank accounts).
 - All funds raised in a school year should be expended in that school year with the exception of clubs that recur every year.

TRANSFER OF FUNDS (CONT'D.)

- From SAF to TAF (CONT'D)
 - All other clubs/organizations must gain approval from the Principal or Assistant Principal before any money is carried over.
- From TAF to SAF
 - The intent of TAF is not to cover insufficient SAF balances.
 - Seek IAO for guidance prior to transferring funds from TAF to SAF.

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.

REPORTING (CONT'D.)

- 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.
- 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.

REPORTING (CONT'D.)

- 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.

COMMON DEFICIENCIES



FREQUENTLY ASKED QUESTIONS

- 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? This is frequently encountered for travel.**
 - For SAF, it is not allowed. For TAF, it is highly discouraged. Seek guidance from IAO.
- Debit Cards - **Is it possible to obtain a debit card to use for school-related purchases?**
 - Schools are not allowed to obtain a debit card for school use, even if it is intended to be used to purchase goods immediately or cheaper goods on-line. This is to prevent abuse.

FREQUENTLY ASKED QUESTIONS (CONT'D)

- Purchases – Although we obtained three quotes, the club wanted to go with the more expensive vendor; OR only one vendor can provide the goods or services. Can we purchase from that vendor?
 - For SAF, the club meeting minutes must show that majority of the club members voted to go with the most expensive vendor. Written justification and supporting documentation must also be provided in the voucher. For example, if the vendor was the only one flexible to accept orders last minute, show evidence of such.
 - For TAF, written justification and supporting documentation must be on file. For example, if the vendor is the only one who could provide the service, show evidence of such.

AUDIT FINDINGS

- 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.
- Bank reconciliations were not timely performed and were not supported.
 - Differences between bank reconciliations and Munis reports.
- Lack of supporting documentation
 - Incomplete signatures
 - No price quotes or missing two price quotes
- Untimely bank deposits

ANY QUESTIONS?

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