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**FRANKLIN
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May 19, 2016

MEMORANDUM

TO: Christopher Anderson, Administrator, Student Support Services Division
Joseph M. Sanchez, Deputy Superintendent, Curriculum & Instruction
Erika R. Cruz, Deputy Superintendent, Educational Support & Community Learning

CC: Jon J.P. Fernandez, Superintendent, Guam Department of Education (GDOE)
Taling M. Taitano, Deputy Superintendent, Finance & Administrative Services
James M. Petite, Principal, Agueda Johnston Middle School (AJMS)
Patrick Egrubay, (Acting) Principal, Astumbo Middle School (AMS)
Naomi Taitingfong, Principal, Jose Rios Middle School (JRMS)
Jim S. Reyes, Principal, L.P. Untalan Middle School (LPUMS)
Dr. Barbara R. Adamos, Principal, John F. Kennedy High School (JFKHS)
Begona S. Flores Principal, Okkodo High School (OHS)
Rosalin F. Meeks, Principal, Southern High School (SHS)
Sophia Duenas, Principal, Tiyan High School (THS)

FROM: Franklin Cooper-Nurse, Chief Internal Auditor, Internal Audit Office (IAO)

SUBJECT: Guidance on Cash Management for Festival of Pacific Arts (FestPac) School Stores

Hafa Adai,

The Guam Department of Education (GDOE) will be housing more than 3,000 delegates from 27 Pacific Island Nations and Territories from May 22, 2016 to June 4, 2016. During this time, eight schools will be establishing school stores to accommodate FestPac delegates. AJMS, AMS, JRMS, LPUMS, JFKHS, OHS, SHS, and THS will be collecting and disbursing funds raised from this event.

Funds raised by the schools through operating the FestPac school store are considered NAF. Depending on the school, the funds may be accounted for as part of the volunteering student club(s)' account under the Student Activity Funds (SAF) or as part of the FestPac sub-account under the Trust and Agency Fund (TAF). When cash received or disbursed are NAF, Guam Education Board Policy 715, each school's NAF standard operating procedures (SOP), and IAO's Guide to Inputting NAF Transactions into Munis shall be followed. To ensure safeguarding of funds, IAO issues this guidance on cash management for the FestPac school stores.

1. Roles and Responsibilities

- i. Principal – Per Guam Education Board Policy 715, the Principal is responsible and accountable for all school activity funds.
- ii. Advisor/School Store Supervisor – Designated by the Principal, oversees, manages, and is held accountable for the school store operations. This includes documenting the shifts of store personnel, keeping inventory of goods, and ensuring compliance to procedures.
- iii. Cashier – Designated by the Principal or School Store Supervisor, Cashier takes the customer's order, receives the cash due for the purchase, counts the money received from the customer, provides the appropriate change, and places the money in the cash box.
- iv. Advisor/Adult Volunteer(s) – Designated by the Principal or School Store Supervisor, Advisor or Adult Volunteer(s) retrieve the product from the shelf, verify the price with the Cashier, and deliver the product to the customer.
- v. Cash Custodian – Designated by the Principal, deposits cash collections for NAF to the bank on a daily basis or next business day.

2. General Internal Controls

- a. Supervision of Workers
 - i. The school store must have adult supervision when in operation.
 - ii. At least two people should be present when the school store is operating.
 - iii. The number of store personnel should be limited to allow for proper supervision and control.
- b. School Store Security
 - i. School store operations should be held in a secure place (an office, classroom, etc.) where customers cannot reach money or merchandise.
 - ii. All school stores shall use cash boxes with a working lock.
 - iii. No money should be left exposed at any time, except when receiving payment or giving change to the customer.
 - iv. At the end of each shift, all money must be stored in a secure place.
 - v. When the store closes for the day, all money (cash receipts and change fund) must be stored in a safe or locked drawer at the business/main office.
 - vi. The school store must be locked when not open for business. Designated personnel do not leave the store unattended at any time while open for business.
- c. Sales Proceeds
 - i. Cashbox or locking cash boxes must be used in all school stores. Cash held overnight or over the weekend should be stored in a safe and/or secured location, in which entry is limited to select personnel. Cash held overnight must remain at a secured location at the schools and not removed from the campus, other than bank deposits.
 - ii. Sales are to take place only when the store is open for business.
 - iii. Cash in the store register or cash box is not to be used for personal convenience (i.e. make change or cash a check when no sale has been made).

3. Administration and Safeguards

a. Opening Shift

- i. The Store Supervisor should recommend the “change fund” amount to the Principal. The fund should be sufficient to provide for the store’s business activity on a normal day (e.g. \$100).

b. Transitioning Shift

- i. At the end of each shift, the outgoing Cashier will count all cash in the cash box. The incoming Cashier will verify the outgoing Cashier’s cash count. The outgoing Cashier will wait until the incoming Cashier is done with his/her verification.
- ii. After the cash has been counted, a Cash Count Sheet form must be completed and signed by the incoming Cashier [as submitted by] and outgoing Cashier [as verified by]. Shift times of the outgoing Cashier and, if applicable, the club account name must also be indicated on the Cash Count Sheet form (e.g. FestPac, 8 PM to 9 PM, SBA club).
- iii. Cash overages/shortages must be cleared at the end of each shift. Any cash shortage must be reported immediately to the Store Supervisor/Administrator.

c. Ending Shift

- i. At the end of the day, the Store Supervisor submits all Cash Count Sheets and cash collected to the Cash Custodian for NAF.
- ii. The change fund in the cash box at the school store is to be returned to the Cash Custodian when the store is not in operation for storage in the school safe/locked drawer. No cash will be kept in the school store when the store is not in operation.

4. Accounting and Supporting Documentation

a. Disbursements

- i. NAF disbursement procedures should be followed if TAF monies are to be used to purchase/replenish inventory for the store. This includes completed voucher forms and invoice/receipt from the vendor, as well as the involvement of NAF personnel (e.g. School Treasurer, Assistant Principal, etc.) upon completion of IAO report.
- ii. If applicable, TAF monies from the FestPac sub-account will be transferred and distributed accordingly to the volunteering school club. The distribution should be made at the discretion of the school Principal.

b. Receipts

- i. NAF receipt procedures should be followed when the Store Supervisor gives the store’s cash collections to the Cash Custodian for NAF. This includes complete Cash Count Sheets, Munis receipt, bank receipt, and daily [or next business day] bank deposits, as well as the involvement of NAF personnel.
- ii. If applicable, SAF monies from the FestPac proceeds should benefit School Year (SY) 16-17 members of the volunteering clubs.

5. Close Out, Reconciliation, and Reporting

- i. FestPac disbursements and receipts will also be accounted for in the school’s SY 15-16 NAF ledger/Munis, bank statements (or bank receipts, if the statements are not yet available), and bank reconciliation. The school’s SY 15-

16 NAF ledger/Munis report ending balance should match with the school's bank statement ending balance as of June 30, 2016. If not, the differences should be resolved and shown in the bank reconciliation sheet.

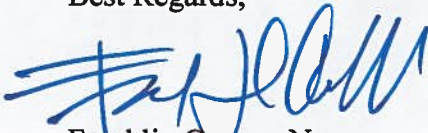
- ii. IAO reminds the schools of the annual NAF close out policy and procedures. The annual reporting deadline is by **July 15**.

6. Internal Audit Review

- i. A designated IAO staff will perform periodic site-visit to schools to ensure proper administering and safeguarding over funds.
- ii. Close-out and Final Audit Report Date
 1. FestPac schools will be audited by IAO for SY 15-16. IAO reminds all FestPac schools to maintain and have all supporting documentation available for audit.
 2. IAO will conduct an audit of FestPac activities 30 days after event is completed.

The IAO staff designated for this event are Auditors Carmela Vi and Travis Carbon. Should you have questions or concerns, please contact Carmela Vi at 300-1273 or cavi@gdoe.net; and Travis Carbon at ext. 3698 or trcarbon@gdoe.net.

Best Regards,



Franklin Cooper-Nurse
Chief Internal Auditor