

Guam DOE tightens control of schools' \$2M raised funds

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(Photo: PDN file)

The Guam Department of Education put stricter control over some \$2 million in funds raised annually by public schools, including some \$18,000 in store income during the 2016 Festival of Pacific Arts, the department's chief auditor said.

Guam DOE's re-established Internal Audit Office reviewed and found sufficient financial controls at eight public schools' stores for FestPac delegates from May 22 to June 6.

Franklin J.T. Cooper-Nurse, chief auditor at Guam DOE's Internal Audit Office, said of the \$18,000, some \$10,000 was net income.

The mini-stores provided FestPac delegates from around Micronesia and other Pacific islands snacks, drinks and toiletries, among other things.

But while the gross amount was accounted for, there's documented deficiency involving \$38, at Jose Rios Middle School, Cooper-Nurse said.

"Overall, GDOE's controls over FestPac school store funds were deemed as moderate," a Dec. 29, 2016, report from the Internal Audit Office says.

The office also wrapped up its assessment of fundraising activities related to the Close Up Club at Oceanview Middle School.

Cooper-Nurse said school management brought to their attention a requested trip for two students to the National Close Up Foundation Middle School Program in Washington, D.C. with five adults. The internal audit office also became involved because fundraising activities were stated as the funding source for travel.

The assessment reduced the number of adults on the off-island trip and resulted in stricter control over the use of raised funds, Cooper-Nurse said.

Guam DOE's Internal Audit Office is in charge of monitoring some \$2 million in annual non-appropriated funds at public schools, such as those raised by individual schools and students to support their participation in competitions and other activities.

"Every time we're dealing with cash, there's a high risk for misappropriation or theft or loss so we make sure upfront that we have the proper controls in place and we utilize the system. We had daily review cash collection and reconciliation of those cash and we did that upfront and in the end, it did pay off for the schools," he told Pacific Daily News. The deficiency of cash handling at schools is no longer identified as a major finding in recent annual audits, he added.

Cooper-Nurse said the audit of non-appropriated funds is just one part of the work of the Internal Audit Office, which has six full-time auditors. This team of auditors is essentially tasked with helping to ensure over \$300 million in local and federal funds funneled into Guam DOE are properly accounted for.

"And I think the bigger story is that our unit has been established, we're continuously doing risk assessments throughout the department, engaging in performance audits and investigations, and making recommendations to management to improve operations," he said. "We also have a large role in working with the management in addressing the high-risk areas."

In 2003, the U.S. Department of Education designated Guam DOE as "high-risk" in receiving federal grant money because of its poor ability to keep track of federal money it receives. Among the conditions is hiring a third party to manage some \$50 million in federal education funds that Guam DOE receives every year.

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